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# FINANCIAL TIMES

No. 27,068

Thursday September 9 1976

\*\*\*10p

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CONTINENTAL BILLING: FRANCE 54.13; AUSTRIA 54.13; BELGIUM 54.13; DENMARK 54.13; GERMANY 54.13; ITALY 54.13; NETHERLANDS 54.13; NORWAY 54.13; PORTUGAL 54.13; SPAIN 54.13; SWEDEN 54.13; SWITZERLAND 54.13.

## NEWS SUMMARY

### GENERAL

#### More riots in South Africa

Dr. Henry Kissinger, U.S. Secretary of State, reported to President Ford in Washington the progress of his southern Africa initiative, rioting continued yesterday in townships outside Cape Town and Johannesburg.

In Soweto near Johannesburg, people were reported dead and residents petrol-bombed a state for 10,000 migrant workers.

Cape Town there were new clashes between police and coloured demonstrators.

While Mr. William Schabas, U.S. Assistant Secretary for African Affairs, sounded President Nyerere of Tanzania, Mr. Smith, Rhodesian leader, said would meet Mr. John Vorster, South African Premier, in Victoria early next week.

In Salisbury, further measures were announced, among them mandatory death sentences for harbouring guerrillas, possession of arms, or act of terrorism, harbouring guerrillas or failing to report their presence. Back Page.

#### Smith tapes in Wilson papers

ape recordings of Sir Harold Wilson's HMS Tiger talks with Mr. Ian Smith, Rhodesian Prime Minister and conversations with President Nixon were among the missing documents of Britain's former Prime Minister.

Old Daily Mail was told yesterday when the trial began of the man who denied five bribery charges and another who pleaded not guilty to the charges, receiving the property.

#### Brain of Britain out of work

Dr. Thomas Dyer, a 45-year-old London teacher and scientist, who yesterday won BBC Radio 4's Brain of Britain contest, is leaving the job and seeking work. "The fact that I'm unemployed rather symbolises the national malaise," he said. "We don't really know what to do with our brains." Dr. Dyer holds a London University degree in chemistry and mathematics.

#### ory funds

substantial improvement in Conservative Party's finances as reported by Lord Chelmsford, party treasurer, who said at less spending and doubled constituency contributions to £130m. Deficit into a £150,000 surplus. Page 15.

#### assault charge

Heve de Vathaire, the assault aircraft company's top accountant, who had been missing for two months after missing with £500,000 company funds, has been released in custody on a charge of breach of trust. Back Page.

#### indona held

international financier Michele Indona, wanted on bank fraud charges in his native Italy for most two years, was arrested in an extradition warrant issued by Italy's request by U.S. authorities in New York yesterday, according to the Federal prosecutor's office.

#### riefly...

vine vesicular disease has been amped out in Britain, the Agriculture Ministry stated, after 39 years.

Peter's School, York, which aims to be England's oldest public school, has admitted girls for the first time in 1,350 years.

Bill Oll's Washington lobbyist is retracted his assertion that gave Republican Vice-Presidential candidate Senator Robert Dole \$2,000 for campaign purposes. Page 4.

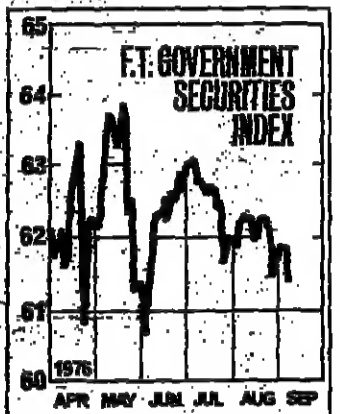
we Britons pleaded guilty in Moscow to attempting smuggling of marijuana from Thailand through the Soviet Union to Britain, the Soviet writer, has moved from Switzerland to the U.S.

### BUSINESS

#### Equities fall to new low for year

● **EQUITIES** suffered a sharp setback following the seamen's strike decision. The FT 30-share index fell 2.2 to 350.4, a new low for 1976. The All-Share was 1.2 per cent down at 144.68, while Shipping, one of the hardest-hit sectors, was 3.9 per cent lower at 363.79.

● **GILTS** also had a poor day, with losses ranging to 3. The Government Securities Index



fell 0.44 to 61.38, its biggest one-day loss for just over six weeks.

● **STERLING** gained 5 points to \$1.7780; its weighted depreciation widened to 39.8 (39.7) per cent. The dollar's widened to 2.63 (2.60).

● **GOLD** gained \$1 to \$1111.

● **WALL STREET** was 1.83 down at 996.75 near the close.

● **BRITISH NUCLEAR** Energy has borrowed £200m from a consortium of 26 banks led by Citibank and Samuel Montagu to invest in three nuclear factories in the north of England. Back Page.

#### Oil platform hopes rise

● **OIL PLATFORM** builders are likely to enjoy a resurgence of business within the next eight months when a new development programme in the North Sea is expected to begin. Back Page and Feature, Page 15.

● **STRIKING** food and maintenance men at Leyland's Longbridge plant, in Birmingham, whose action led management to agree to a 3 per cent pay rise, have agreed to resume normal working immediately. Back Page.

● **MAJOR STEEL** users are to press the BSC to harden its tentative promise that prices will not be raised for at least six months after next month's increases. Page 8.

● **PRICES** for private housing land in England and Wales were up 9 per cent lower in the first half of this year than the same period in 1975. Page 13.

● **EEC AGRICULTURE** Ministers meet today to decide whether to introduce further measures to deal with the effects of the drought. U.K. grain harvest yields were slightly higher overall than in last year's poor harvest, according to the latest Ministry of Agriculture estimates. Page 39.

● **THREE LARGE** insurance companies recorded improved first-half pre-tax profits. Sun Alliance and London Insurance rose to £23.56m. (£18.29m.). Page 23. Guardian Royal Exchange Assurance rose to £24.0m. (£21.9m.). Page 33. Phoenix Assurance Company rose to £12.18m. (£7.21m.). Page 29 and Lex.

● **BSE** first-half pre-tax profit leapt to £15.06m. (£1.67m.) and is already ahead of last year's total of £10m. Page 29 and Lex.

● **VME-STORK**, the Netherlands' largest industrial engineering group, says this year's results will be substantially below those of 1975. Page 30.

## On the day TUC backs social contract, a challenge to the pay policy

# All-out strike call by seamen's leaders

BY DAVID CHURCHILL AND CHRISTIAN TYLER

The Government's economic strategy and the future of its wage restraint pact with the TUC was suddenly put in jeopardy yesterday when the National Union of Seamen unanimously decided to call a national strike from Saturday midnight.

Leaders of 44,000 merchant seamen, who were in the U.K. Fleet of 2,000 ships, finally rejected repeated rulings by the TUC and the Department of Employment that their wage claim breaks the pay policy, and decided, in effect, to challenge the combined weight of TUC, Government and public opinion.

When he heard the news, Mr. Albert Booth, Employment Secretary, went immediately to No. 10 Downing Street to explain the seamen's claim to Mr. James Callaghan, and Mr. Denis Healey, Chancellor of the Exchequer.

Mr. Jim Slater, NUS general secretary, said last night that the union was instructing by radio crews on ships still at sea to operate a complete overtime ban from Saturday mid-

night. As week-end working is counted as overtime, this would immediately delay the sailing of ships from foreign ports.

The overtime ban also applied to "non-essential" entering on passenger ships, he added.

When the crews returned to the U.K. they would claim a discharge from their employers under section 42 of the 1970 Merchant Shipping Act which allows crew to leave ships during an industrial dispute.

The news was given to TUC leaders and shipping employers in Britain at the Trades Union Congress where delegates were at that moment re-affirming their support for the social contract.

Mr. Len Murray, TUC general secretary, described the decision as regrettable and said it would be discussed by the General Council early today. Shipping employers said they were "astounded" and called on the authors of the social contract to find a way out.

Despite the pressure that will undoubtedly be put on the union to reverse its decision before the week-end, it is hard to see what compromise can be found.

Mr. Slater, announced the unanimous decision of the 18-man executive body, two members were missing yesterday after a debate lasting just over 10 hours.

The motion for an all-out

Continued on Back Page

## Italy seeks EEC support in bid to suspend gold sales

BY ANTHONY ROBINSON

ROME, Sept. 8.

ITALY, which has watched the declining value of its substantial gold reserves with apprehension in recent weeks, has asked the International Monetary Fund to suspend official gold sales temporarily. Backed by France, Italy intends to seek Common Market support for this stand at the forthcoming EEC Monetary Commission meeting in Copenhagen on Friday.

The fund has agreed to change the "Dutch auction" method, under which the first gold sales took place, by a more flexible system whereby the gold would not be sold at a fixed price to all bidders, but at the price offered by the various bidders, provided the bids were above a certain secret base level.

But the sharp fall in the gold price which followed the July auction of 780,000 ounces induced the Italian authorities to go further and they instructed their representative at the fund, to request formally the IMF board

to temporarily suspend the auctions. The next auction is scheduled for September 15. No decision has been taken by the fund on this request, however.

Although France is reported to have expressed its support, the reaction of West Germany and the U.K. is believed to have been much less receptive.

EEC pressure to try to block gold sales is seen as a temporary measure to prevent a further predictable fall in the gold price while also setting the scene for a more fundamental review of the overall gold and international reserve position at the forthcoming IMF annual meeting in Manila in October.

The use of gold operations between central banks at a market-related price was sanctioned by the IMF in June 1974 and made possible the original \$2bn.

Continued on Back Page



Mr. Jim Slater (left) with a group of NUS members outside the union's London headquarters, following the executive's decision.

## Ferry services the first to suffer

BY STUART ALEXANDER

CHANNEL and North Sea ferries, short-haul cargo ships and services to the offshore islands, particularly the Orkneys and Shetlands, will be the first hit if the strike call by the National Union of Seamen comes into effect.

Most NUS members are employed on deep sea routes with voyage times of up to 50 days, giving a long lead time before the full effects became apparent. Nearly 70 per cent of imports are brought in by foreign registered ships, and U.K. ships account for 48 per cent of exports.

The two major ferry operators, British Rail and Townsend Thoresen, will not know the full impact until it is clear whether French and Belgian seamen will join in sympathy.

There was no sign of a strike in the Orkneys, Shetlands and Western Isles emergency committees meet today to consider an appeal to the NUS strike committee to allow transport of vital foodstuffs such as milk, bread and vegetables, and a similar request was granted in 1966.

But tourists and exports would be halted.

Another early casualty would be the P and O passenger liner Oriana, due to dock at Southampton on Saturday night and sail next morning with 1,600 holidaymakers. In the event of a strike a later cruise would be offered.

Freight-carriers to and from Northern and Western Europe, particularly roll-on/roll-off and small container ships services, would also be hit, and this could hold up exports. But there is considerable spare capacity in ship-

ping, and British owners are to operate without ever landing afraid that in a strike foreign at a home port.

For those that have arrived to handle the cargoes, with consequences for balance of payments and future business.

Ships on longer routes will not be brought straight into the harbour, whereas those carrying relief non-perishable materials could be held at anchor. A spokesman U.K. and may refuse. It is for the CBI said last night that possible to divert ships to foreign ports to discharge and continue to production.

## Steering into a storm

- July 1, 1975: Independent arbitration awards seamen 7.3 per cent increase on day Chancellor announces 5.5 pay policy. But union executive rejects award and calls for a ballot.
- July 9, 1975: Executive changes mind and accepts award. Union agrees with employers to stagger award over the year to help employers' cash flow.
- May 7, 1976: NUS conference accepts new 4 1/2 per cent pay policy but calls for a "substantial" increase after start of phase two in August.
- July 14, 1976: TUC economic committee rules that seamen must wait until January for next pay rise because 12 months have to lapse after the largest of phased pay rises.
- August 5, 1976: NUS asks arbitration panel to interpret date of last year's award; panel says settlement is recommended in July, 1975. Seamen demand 5.5 from July.
- August 11, 1976: TUC economic committee again turns down seamen's claim.
- August 13, 1976: NUS executive votes for a ballot on industrial action.
- September 6, 1976: Ballot narrowly favours strike action.

## Bank gives £ strong support

By Peter Riddell, Economics Correspondent

The pound came under pressure again yesterday and sizeable Bank of England intervention was required to keep the rate above \$1.77.

Sterling was already weak before the announcement of the seamen's decision at lunchtime, reported from both the Middle East and the Continent, and resultant official support came in the morning.

After slipping nearly a quarter of a cent immediately after the decision, the pound recovered in quieter afternoon conditions to close five points up on the day at \$1.7720.

The later stability reflected both a sharp rise in interest rates on forward currency operations and the increasing belief of dealers that the authorities are at present determined to hold the rate above \$1.77.

Official support yesterday was estimated in certain agency reports at approaching £100m. The extent of the intervention over the last two days may raise the question during the month of whether a further drawing will have to be made on the standby credits.

The seamen's strike call comes just when the Government was hoping that a sharp growth in exports would be one of the main driving forces behind the rapid rate of economic growth it is forecasting over the next year. The volume of exports is officially expected to rise at an annual rate of 11 per cent over the 18 months from the first half of 1976.

The rate of export growth has slowed down in recent months with a rise in volume of 0.5 per cent in the three months to July compared with the previous quarter (though this was partly affected by a probable freak fall in exports in July).

The impact of the possible strike is, of course, extremely difficult to predict and the 1966 strike is only a limited guide because of the higher proportion of freight now going by air and the different state of the shipping market where surplus capacity may allow more transferring of cargoes to overseas ships.

The initial impact is, anyway, likely to be more on exports than imports because ships with British crews would continue to arrive at U.K. ports for several weeks, though virtually none would leave.

## Precedent

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## SHIEF PRICE CHANGES YESTERDAY

Prices in pence unless otherwise indicated		
EG	55 + 5	
parrow (G.V.)	130 + 5	
plus SA	130 + 15	
oisman	54 + 5	
Brand	625 + 75	
A Land	67 + 10	
at Reef	900 + 50	
Eastern Hides	£124 + 1	
rears, 31p	1977-80, 59412	
xchequer 131p	96, 59412	
sced, Dairies	172 - 4	
echam	330 - 10	
ish Leyland	27 - 4	
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## LOMBARD

## The banks must speak out

BY MICHAEL BLANDEN

THE PROSPECT that nationalisation of the banks will become official Labour Party policy has at last prompted the clearing banks to start coming out into the open with their counter-arguments. Up till now they had kept their heads very low on this issue, preferring to save their big guns for a time when nationalisation looked like being adopted as part of a Labour election manifesto.

These tactics run the risk of allowing the debate to go by default. The banks have given the impression passively, even resignation, to the probability that at some time in the future they will be state-owned. Bankers have even been heard to remark only half in joke, that Civil Service pension would be quite acceptable. In high time that the banks started to counter-argue and regular campaign to press home their message. There is a real danger that constant repetition of the left wing theme expressed in the National Executive Committee's document will make state control appear inevitable, even acceptable.

## Well aware

The banks have a number of inhibitors in responding to the arguments—or rather hypotheses—which have been presented by the proponents of nationalisation. Special pleading on their own behalf is not all that appealing to the general public. And the banks are perfectly well aware that though they may be able to demonstrate that the bulk of their customers do not want the banks to be nationalised—a point which was acknowledged by the NEC in pointing out that all our big banks should be taken over because otherwise there might be a loss of deposits from the nationalised institution—it is also true that they are by no means universally popular.

What is more, they are not in a position to maintain that everything is perfect in the economy or specifically in the arrangements by which the country's savings are channelled to industry. The arrangements for extra institutional finance for the Finance for Industry group and for the equity bank, though undertaken with a certain amount of reluctance, were an open recognition at least of the need for the City to demonstrate that something was being done to meet criticism of its operations.

The bankers themselves are this week engaged in debate on precisely this topic, with the Institute of Bankers Cambridge

seminar examining the general subject of the relationship between the banks and industry. They are noticeably self-conscious on this topic, and have been at pains to emphasise over the past year or so the extent to which they have been developing their relationship with their industrial customers through the increasing amounts of medium-term lending being provided to support industrial investment—points which have been brought out in Cambridge with the participation for the first time of industrialists themselves.

## Misleading

The banks also have a rather ambivalent position in pointing out one of the main weaknesses in the arguments presented by the Left, the need for greater official control over their activities. The parallel drawn between the industrial pattern of banking is misleading.

More to the point, the U.K. clearing banks may find it difficult to point out that the British Government has in fact ample means at its disposal to influence the direction of bank lending, though not necessarily to force the industrial customers to take what is on offer. The fact that the Bank of England has never in practice used its ability to issue formal instructions to the banks could be interpreted as a rebuke to the "power" of "command" and the lifting of the Governor's eyebrows rather than as showing lack of official direction.

The highest problem faced by the banks, though, is to put forward a reasoned counter-argument to a document based on a doctrinaire disregard of the real world. If you start out by assuming that the weakness of the U.K. economy is due to low investment, that low investment is due to lack of finance and that lack of finance could be cured by state ownership of financial institutions, you leave little room for debate.

Probably the best shot at a reasonable discussion of the issues from the city angle was made last month by Professor Harold Rose in the Barclays Review, where he examined and knocked down most of the case put forward for attributing Britain's problems to the structure of its capital markets. What the banks could start out by saying is that they have fulfilled their main function—looking after their customers' money—with rather more success than governments have demonstrated in managing the economy.

## TENNIS

## Evert power display ends Barker's hopes

NEW YORK, Sept. 8

IT WAS a day of contrasts at Forest Hills on Tuesday as a date the astonishing Miss Evert record total of 30,702 spectators at the afternoon and evening sessions saw the men's and women's singles come down to the quarter-finals. Three of the seeded men came back from

defeat to win over the longer five-set course which replaced in three-set formula from the fourth round onwards, while only one of the successful women, Mima Jausovec of Yugoslavia, the conqueror of Virginia Wade, was taken to a deciding set.

The night matches provided the greatest drama. Before a capacity gallery of 14,000, Chris Evert, the undisputed favourite to retain her title here, gave a display of awesome power and accuracy from the back of the court to dismiss the challenge of Sue Barker of Devon.

In a bare 40 minutes of almost errorless play the little marmoset from Port Lauderdale won 6-1 6-0 allowing the British girl a mere 24 points—one less than Glynnis Coles of Middlesex had prised from her grasp in the previous round.

Thus in her three matches to date the astonishing Miss Evert has conceded only two games—at the afternoon and evening sessions saw the men's and women's singles come down to the quarter-finals. Three of the seeded men came back from

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## BY JOHN BARRETT

NEW YORK, Sept. 8

moment. Mr. Hare had disqualified Nastase last May in Palm Springs when the Romanian had refused to accept a linesman's call in a match against Tanner.

This time Nastase behaved impeccably and Tanner sportingly refused to accept a call he knew to be wrong. Finally, Nastase was awarded the game and when the umpire, using all the powers of persuasion learned in the pulpit, finally managed to quieten the crowd, Nastase duly held his serve to win a hard-earned victory 7-5 6-7 1-6 7-6 6-4 in three hours and 14 minutes.

Earlier in the afternoon, Wimbledon champion Bjorn Borg seeded No. 2, survived a consistent American, Brian Gottfried whom he finally subdued 6-7 3-6 6-4 6-4 6-2. Then the holder of the title, Manuel Orantes of Spain who is only the sixth favourite this time, also lost the first two sets before finding his touch at last in the tie break of the fourth set to beat the 1971 champion Stan Smith 3-6 1-6 6-2 7-6 6-1.

Hard-earned.

Tanner was on his way to the umpire's chair when the linesman, Adrian Clark, raised his arm called "out." A seven-minute stoppage ensued with both players and the umpire—the Rev. Merle Irwin who is the Pastor of the First Presbyterian Church of Bloomfield, Conn.—arguing that the ball had hit the line.

Amid shrieks and yells of derision from the restive crowd, the referee, Mr. Charles Hare, came to the court to resolve the dispute. It was a poignant moment.

After a year in the U.S. with Elliott Burch, private trainer to Henry Cecil moves to Warren Place.

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## BURGHLEY HORSE TRIALS

## New riding talent has opportunity to show its mettle

BY MICHAEL DONNIE

THIS YEAR'S Burghley horse trials, which start at Stamford, Lincs., to-day, will be more than customarily open because for the first time for several years there are neither the venue nor the European or World championships nor are they being used as a schooling event for would-be British team members. Far from detracting from the interest and significance of the event, however, to the vast majority of riders who do not aspire to international honours, Burghley provides an opportunity to demonstrate what they can really do.

Some of the international stars have entered for the event, but mainly with younger and less experienced horses. Examples are Capt. Mark Phillips, who has entered with Roadway; Chris Collins with Roadway; and Lucinda Prior-Palmer on Killaire, a new ride for her, although the horse has gained some experience in previous seasons.

## Combinations

Among the rest there will be several combinations which have been showing consistent development in recent years and which now have the chance of winning a major event.

Into this category came Jane Starkey with Topper Too, a combination which came eighth at Badminton earlier this year; Carolann Geekie on Copper Tiger, who came second in the Belgian three-day event this year; Virginia Thompson on Cornish Duke and Janet Hodgson with Gretina Green, a combination which has won one of the advanced classes at Osberton for two years running, while the horse was second at Burghley last year when ridden by Mark Phillips.

Perhaps one of the newest and potentially most interesting combinations is that of Charlotte Steel and Gamble, who have only been placed in senior events in the past two seasons, finishing seventh at Badminton this year. On the strength of that performance, the horse was considered a possible Olympic mount for Richard Meade, although he eventually went to Montreal with Jacob Jones.

The drought has had its effect on horse trials this summer. The going has been extremely hard and entries have dropped by an estimated 25 per cent. over the range of intermediate and novice trials held to determine the runners for next month's Midland Bank Horse Trials Championships at Goodwood.

Two trials, at East Hamlyn field and Cromer, were cancelled due to lack of entries—the latter only receiving 14—while many trials have had to be run with fewer sections than in previous years. In numerous trials, the hard going has obliged many riders to withdraw after completing the dressage and before the cross-country phase. This has particularly applied to Windsor at Osberton.

So far as Burghley is concerned, the original entries have been reduced to 83 by the time the draw had been held. The going at Burghley, however, over the fine old turf of Leg Exeter's parkland, is reported to be good, but to be on the safe side the trials organiser, Andrew Burnaby-Atkins, has arranged for generous quantities of water to be placed on the landing side of the jump on the cross-country course, and steepchase courses.

There are some changes to the cross-country course, with several new jumps. The Balling and the Maze, which provided many spills and refusals in year, have been replaced; but the cross-country course will still prove to be the maker or breaker of a large number of reputations.

## Bus and coach servicing deal

THE FREIGHT Transport Association and the Confederation of British Road Passenger Transport have joined forces in a bid to improve maintenance standards within the coach and bus industry. The scheme was announced at the confederation's second annual conference yesterday by S. J. B. Skyrme, the president, and means that the associated engineering services will be available to confederate members.

The Freight Transport Association has a team of more than 100 qualified engineers carrying out 80,000 vehicle inspections a year and has sufficient facilities for inspections to take place at times and places to suit confederation members.

The aim of the new scheme, says the association's executive director, is to improve what is claimed to be an already impressive safety record, and save operating costs by giving early warning of potential failures.

The conference heard and criticism of plans to bring regulations on commercial drivers' hours into force. Britain adopted in their present form would be damaging a costly for the public transport industry, Mr. Skyrme said.

## RACING

## J. O. Tobin easily best so far

J. O. TOBIN gave every indication at Doncaster yesterday that he is out on his own as the best two-year-old seen so far this season.

Always travelling smoothly and well within himself, the Never Bend colt could hardly have won the Laurent Perrier

Doncaster 2.00—Brave Lass 2.30—Sea Anchor 3.00—Iona\*\* 3.30—Patri 4.00—Fair Season\*\*\* 4.30—Court Lane 5.00—Laughing Goddess

Salisbury 2.15—Jacado 2.45—Silver Shoals 3.15—Chukaroe 3.45—Baby Blair 4.15—Mistery 4.45—Rushmere\*

Champagne Stakes in more impressive fashion.

Going easily towards the rear of the field in the early stages, J. O. Tobin quickened immediately when asked for an effort by Lester Pigott two furlongs from home.

He cruised past those speedy fillies Durtal and Ampulla and forged clear in the hands of a

motionless jockey to win with consummate ease in a fast time.

A half-brother to the dual classic winner Mysterious, J. O. Tobin is now generally

favoured at 7-3 for the 2,000 Guineas.

Noel Murless and Pigott will be hoping that Mayo Girl can maintain their fine run with a victory in today's Park Hill Stakes. Although this

Connaught filly could run proudly, I doubt if she will cope with either Rose for the Star or Iona.

Iona, a progressive bay daughter of Kalydon, was particularly impressive when beating Rowe Residence at York last month and she is the selection.

Joe Mercer, who holds bright prospects of landing the Doncaster Cup with Sea Anchor, seems sure to have another good ride when he partners Fair Season in the Prince of Wales' Nursery.

Ian Balding's Silly Season colt put up a useful performance last time out when giving Modfida 4 lb and a half-length beating in the Grand Criterium d'Ostende and a reproduction of that form should see him home.

William Hastings-Bass, Ian

Bass was four years with Noel Murless. Since then he has spent a season studying the advanced Australian training feeding methods with the country's three leading trainers, Colin Hayes, Tommy Smith and Dick Cummings.

## SALEROOM

## Rhodesian postal items realise £28,299

STANLEY GIBBONS' one-day auction of Rhodesian postal items from 1859 to 1925 made a total of £28,299.

A cover sent in 1859 marked "to be forwarded by first opportunity" to "Dr. Livingston, Zambesi Expedition, Central Africa" fetched £800.

Another of 1896, which was in a batch of letters in a mail coach attacked by rebels at Shangani and recovered from the mail six weeks later, made £530.

Five letters sent by General Carrington during the Boer War were sold for £1,475. They are the only five letters from the Carrington correspondence which are in private hands.

## Ceramics make £22,760

A sale of ceramics at Phillips yesterday totalled £22,760.

A Milton dessert service was brought for £1,500 by Singer, and a Meissen tureen and cover for £1,000 by Jones.

## TV/Radio

Indicates programme in black and white.

## BBC 1

7.05-7.55 a.m. Open University (UHF only). 12.35 p.m. On The Move. 12.45 News. 1.00 Pebble Mill. 1.45 Baopuss. 4.18 Regional News (except London). 4.30 Play School. 4.45 Dastardly Deeds. 4.55 Here Come the Double Deckers (part 6). 5.15 Keeper of Wildlife. 5.25 Mids Summer. 5.40 Evening News. 5.55 Nationwide. 6.45 Bellamy's Europe. 7.10 Top of the Pops. 7.40 Happy Ever After. 8.10 Kojak.

9.00 Nine O'clock News. 9.25 Seller (part 6). 9.55 Gangsters by Philip Martin. 10.45 The Risk Business: British Shipbuilders. 11.25 The Sky At Night. 11.50 Weather/Regional News. All regional programmes as BBC1 except at the following times. 5.15-5.40 p.m. Billdowner. 5.55-6.45 Wales To-day. 6.45 Heddidi. 10.45 Swn Y Ser. 11.15 Industrial Grand Tour. 11.50 News and Weather for Wales. Scotland 5.55-6.45 p.m. Reporting Scotland. 11.50 News and Weather for Scotland. Northern Ireland 4.18-4.30 p.m.

Northern Ireland News. 5.55 Scene Around Six. 11.50 News and Weather for Northern Ireland. England 4.55-4.59 p.m. Region wide from Southampton: Look North (from Leeds, Manchester, Newcastle); Midlands To-day (from Birmingham); Look East (from Norwich); South To-day (from Bristol); South To-day (from Southampton); Spotlight South West (from Plymouth).

BBC 2 6.40-7.55 a.m. Open University. 9.20-11.00 Trade Union Congress (also 11.25-11.45 and 2.15-3.00 p.m.). 11.00 Play School. 5.00-7.05 Open University. 7.10 Take Another Look. 7.30 News On 2. 7.40 Word Of Mouth. 8.10 Farnborough International Air Show. 8.40 Inside Story: Z Charlie 4. 9.25 Worldwide. 11.25 Newswatch. 11.40 Closedown. Ronald Pickup reads "Surprise! Surprise!" by Dannie Abse.

LONDON 10.00 a.m. Skippy. 10.25 The Amazing World of Kreskin. 10.50 Cartoon Time. 11.00 Trades Union Congress. 12.00 p.m. Animal Crackers. 12.10 Pipskins. 12.30 The Travelling Show. 1.00 First Report: News with Leonard Parkin. 1.20 Lunchtime To-day. 1.30 Market Personal. 2.00 Good Afternoon. 2.25 Mid-week Racing. From Doncaster. 3.50 Emmerdale Farm. 4.20 Children's Film Matinee: "Tom Sawyer." The story of a young lad on the Mississippi. 5.45 News from ITN. 6.00 To-day. 6.25 Crossroads. 7.00 The Benny Hill Show. 8.00 The Benny Hill Show. 9.00 This Week. 9.30 The Howard Confessions, with Frankie Howard. 10.00 News At Ten. 10.30 Phyllis: Up For Grabs. 11.00 London New York.

RADIO 1 247M (5) Stereophonic broadcast. 6.00 a.m. As Radio 2. 7.00 Noel Edmonds. 7.15 News. 7.30 Paul McCartney including 12.30 p.m. News. 7.45 Ed Stewart (S) also on VHF. 8.30 a.m. Di. O.K. 8.45 Newsbeat. 9.00 Sam Costa (S) also on VHF. 9.15 John Peel (S) also on VHF. 10.00 a.m. As Radio 2. 10.15 News. 10.30 News. 10.45 News. 11.00 News. 11.15 News. 11.30 News. 11.45 News. 12.00 News. 12.15 News. 12.30 News. 12.45 News. 1.00 News. 1.15 News. 1.30 News. 1.45 News. 2.00 News. 2.15 News. 2.30 News. 2.45 News. 3.00 News. 3.15 News. 3.30 News. 3.45 News. 4.00 News. 4.15 News. 4.30 News. 4.45 News. 5.00 News. 5.15 News. 5.30 News. 5.45 News. 6.









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**WORLD TRADE NEWS**
**Mexican devaluation may boost exports**

BY ALAN RIDING

MEXICO'S largest-ever trade fair opened its doors to buyers here today, with Mexican exporters anxious to capitalise on last week's devaluation of the peso but worried about the impact of a new export tax.

President Luis Echeverría flew here from Mexico City yesterday for the opening ceremony where he stressed that the combination of renewed U.S. economic activity and the devaluation of the peso opened up new trade opportunities for Mexico.

But many of the exhibitors felt depressed by news of taxes of between 7.5 per cent and 20 per cent on manufactured and raw material exports respectively.

Some exhibitors felt so uncertain about the price situation in Mexico that they were to-day quoting prices in dollars at the same level as before the effective devaluation of 39 per cent in the peso on August 31.

But there was nevertheless the feeling that Mexican exports, particularly to its natural market in the United States, should rise considerably during the coming months, perhaps by as much as 20 per cent, before Christmas.

Last year, 60 per cent of Mexico's exports—\$1.6bn, out of \$2.7bn—went to the United States, the vast majority of which comprised of oil, coffee, sugar, shrimp and tomatoes. But sales of manufactured and semi-manufactured products reached \$140m.

Imports from the United States—\$4.1bn, out of total foreign purchases of \$6.6bn—were made up largely of automobile parts, chemicals, scrap metal and grain.

**BOC in Saudi Arabia**

BOC is planning to set up a joint venture company in Saudi Arabia to provide gas engineering and process contracting services in the Middle East.

Named SAGE, Saudi Arabian Gas Engineering, the joint venture company is being formed on an equal partnership basis between BOC and the National Development Corporation of Saudi Arabia (NADCO). SAGE will be a Saudi-registered and based company.

BOC, through its gases division unit fuel gas and engineering services, will supply the gas engineering technology and management with NADCO providing the local marketing and labour needs.

The new company will also form a base for other BOC units wishing to expand into the Middle East markets and Saudi Arabia in particular.

The consideration involved in the establishment of the joint venture is not material in relation to the net assets of BOC International, the company said.

Russell Altharby, general manager of NADCO, flew to London recently to sign the first part of the joint venture agreement. Later the English directors of SAGE are to visit Riyadh, Saudi Arabia, to complete the signing of the agreement.

**Bridge contract**

Sumitomo Construction and the Marubeni Corporation of Japan have been awarded a major contract for the construction of the new Nyali bridge which connects Mombasa Island in Kenya with the mainland.

**Japan to study effects of exports on U.S. industry**

BY OUR OWN CORRESPONDENT

TOKYO, Sept. 8

The Japanese Foreign Ministry said today that it will shortly conduct a survey on the effects which Japanese exports, especially those of cars and television sets, are having on U.S. industries.

The survey will be made in connection with growing criticism in the U.S. that the "cheap Yen" has caused a sharp increase in the U.S. trade deficit with Japan, it said.

The Ministry will make an item-by-item survey of Japanese exports to the U.S., the market shares held by various Japanese products there and trends in production, capacity utilisation, and employment in the U.S. industries concerned.

The Ministry said it plans to hold consultations with the Finance and International Trade and Industry Ministries and other Japanese Government agencies concerned to work out Japan's trade policies on the basis of the findings of the proposed survey.

The Ministry of International Trade and Industry said Japan had a surplus of \$2bn in its trade with the U.S. in the January-July period this year, compared with a deficit of \$158m in the same period last year.

At the same time, the Finance Ministry denied a local Press report that the Ministry is proposing to restrict Japanese exports of radio and television sets and tape recorders to the U.S.

The financial daily Nihon Keizai reported the Ministry is suggesting these exports should be curbed through voluntary controls by Japanese exporters in view of growing U.S. criticism of Japan's balance of payments surplus.

A spokesman for the Ministry said "For the time being we do not believe any changes in our policies are necessary."

However, despite the denial, electricals were sold on the Tokyo Stock Exchange in reaction to another statement by a senior Finance Ministry official that Japan should take measures to avoid trade friction with the U.S.

It was also reported from Tokyo today that the U.S. and the EEC have asked Japan to restrict exports of high-grade steel to the U.K. for one year, starting July 1 this year, to 810,000 tonnes, the same as in calendar 1975, Japanese industry sources said.

EEC and Japanese officials ended two-day talks on increased Japanese exports of stainless steel bar and high-grade steel to the U.K. Industry sources said Japan was already contracted to sell about 900 tonnes for shipment in second-half 1976, bringing this year's total sales to about 1,600 tonnes.

Reuter

**GM signs major Bulgarian deal**

BY MARGARET HUGHES

PLOVDIV, Sept. 8

A NEW co-operation agreement has been signed between General Motors Overseas and the Bulgarian State Concern Bulcar. Under the agreement, which was finalised here at the international GM's Bedford Trucks fair, GM's Bedford Trucks Division in Britain will supply heavy duty trucks to Bulgaria in exchange for fork lift trucks.

The attraction of the new agreement for GM, according to Mr. Desmond Savage, marketing director of Bedford Trucks, is that it gives Bedford access to Europe's largest truck fleet, at a time when it has just developed a new range of heavy duty trucks.

The Bulgarian Transportation Company operates between 3,500 and 4,000 trucks on TIR routes, at present using mainly Volvo, Berliet and Mercedes trucks.

In return GM will be taking fork lift trucks from Bulcar. Initially these trucks will be used by GM in its own plants throughout the world providing an assured outlet for Bulcar. But clearly the Bulgarian concern hopes that in time this will lead to new outlets for its fork lift trucks using GM's worldwide marketing network.

Bulcar is currently Europe's largest producer of fork lift trucks but sells these mainly within Comecon. Bearing in mind Bulgaria's shortage of foreign currency, Bulcar is 75 miles outside Algiers, and is obviously anxious to supply Western markets but attempts to do so have not been particularly successful.

There have been reports of problems in meeting Western standards of quality while Europe's own fork lift trucks business in itself presents a further difficulty. Currently there are some 160 manufacturers in Europe, and British industry is known to be making some attempts at rationalisation, possibly with Government help.

No value has been put on the deal and neither side would give any indication of the number of vehicles involved. But both stressed that it is intended to be a long term agreement.

Among British exhibitors at the Plovdiv Fair the GM deal is seen as a much needed morale booster for Anglo-Bulgarian trade. Last year British exports to Bulgaria totalled £23.5m, up from £18m in the previous year, but in the first seven months of this year sales were down to £13.3m, from £15m in the same period last year.

However, the main problem in trade between the two countries is the imbalance which is very much in Britain's favour. Britain last year exported three times as much as it imported.

**£16m. loan for Algeria**

BY PAUL BETTS

AN INTERNATIONAL banking syndicate, including UBAF Finance, Westdeutsche Landesbank Girozentrale, Allied Bank International, First Boston (Europe), and Union Méditerranéenne de Banques, has granted the Algerian State electrical and electronic concerns, Sonelgaz, a D150m (about £16m.) six-year floating rate loan.

The loan, which was signed in London this week, will help finance a large electrical construction unit at Azazga, about 75 miles outside Algiers, and is understood to be the first of its kind to be awarded to Sonelgaz.

Work on the project is expected to begin shortly.

Sonelgaz awarded the contract for the Azazga plant to a West German consortium led by Deutsche Industrieanlagen-Gesellschaft (DIAG) of Berlin. DIAG is currently involved in a number of other industrial undertakings in Algeria including a tractor and engine factory at Constantine, 250 miles south-east of Algiers.

The Azazga plant is expected to be completed in 1983. It will manufacture transformers, generators, electric motors and parts.

**EMI wins £8m. order for scanner systems**

EMI has secured new orders for EMI-Scanner systems for Japan totalling £8m. in value raising the total order received from 37 to 70, all of which will be delivered to Japanese hospitals by mid-1977.

The new orders comprise EMI-Scanner brain diagnosis systems and 25 EMI-Scanner systems for body examination systems. Negotiations for these new orders were successfully concluded by EMI Medical and Toshiba Electric (Tokyo) which handles the marketing and distribution of EMI-Scanner systems in Japan.

The new orders, valued £8m, also include the supply of modification kits to update brain scanners, already in use in Japan.

**Project delayed**

Mitsubishi said yesterday that the Mitsubishi Industrial Group had decided to postpone its plan to build a petrochemical complex in Saudi Arabia for three years because of a sharp rise in construction costs and a decline in demand for petrochemical products.

**Loan for France**

A loan equivalent to F1,300m (30m.) units of account) has been granted by the European Investment Bank for the improvement of the telecommunications network in Aquitaine, France. It will help finance various works in the region costing some F,600m, which enable the installation of 60,000 new main lines.

**Lazard's agreement**

Lazard Bros. yesterday signed a financial agreement for £10m with Societe Nationale Sigerurgie (SONASIG), Moroccan Steel Corporation. The agreement is in support of consultancy contract won by W. S. Atkins group of E. Surrey, and Sofresid, of for design and supervision of the construction of an integrated steelworks in north-east Morocco.

**TI order for India**

Tubes of Aston, Birmingham and TI Weldless, of Wednesfield, West Midlands, have both won orders for forged tubes and plain tube totaling over £800,000 from the Geological Survey of India, the latter responsible for superintending the exploration of Indian mineral resources.

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Bayerische Vereinsbank	Joh. Benzenberg, Goslar & Co.	Joh. Benzenberg, Goslar & Co.
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Westdeutsche Landesbank Girozentrale	Williams, Glyn & Co.	Williams, Glyn & Co.
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Bache Halcyon Stuart Inc.	Banche Halcyon Stuart Inc.	Banche Halcyon Stuart Inc.
Banca Commerciale Italiana	Banca Commerciale Italiana	Banca Commerciale Italiana
Bank of America International	Bank of America International	Bank of America International
Bank Garmiller, Kurz, Baugener (Overseas) Limited	Bank Garmiller, Kurz, Baugener (Overseas) Limited	Bank Garmiller, Kurz, Baugener (Overseas) Limited
Bank of Montreal	Bank of Montreal	Bank of Montreal
Banque Paribas du Commerce Extérieur	Banque Paribas du Commerce Extérieur	Banque Paribas du Commerce Extérieur
Banque Internationale à Luxembourg S.A.	Banque Internationale à Luxembourg S.A.	Banque Internationale à Luxembourg S.A.
Banque de Neuchâtel, Schläpfer, Mallet Rothschild	Banque de Neuchâtel, Schläpfer, Mallet Rothschild	Banque de Neuchâtel, Schläpfer, Mallet Rothschild
Baring Brothers & Co. Limited	Baring Brothers & Co. Limited	Baring Brothers & Co. Limited
Bayerische Landesbank Girozentrale	Bayerische Landesbank Girozentrale	Bayerische Landesbank Girozentrale
Barfener Bank Aktiengesellschaft	Barfener Bank Aktiengesellschaft	Barfener Bank Aktiengesellschaft
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First Chicago Limited	First Chicago Limited	First Chicago Limited
Girozentrale und Bank der Österreichischen Sparkassen Aktiengesellschaft	Girozentrale und Bank der Österreichischen Sparkassen Aktiengesellschaft	Girozentrale und Bank der Österreichischen Sparkassen Aktiengesellschaft
Groupement des Banquiers Privés Cameroun	Groupement des Banquiers Privés Cameroun	Groupement des Banquiers Privés Cameroun
Hill Samuel & Co. Limited	Hill Samuel & Co. Limited	Hill Samuel & Co. Limited
International Marine Banking Co. Limited	International Marine Banking Co. Limited	International Marine Banking Co. Limited
Kidder, Peabody International Limited	Kidder, Peabody International Limited	Kidder, Peabody International Limited
Kreditbank N.V.	Kreditbank N.V.	Kreditbank N.V.
Lazard Brothers & Co. Limited	Lazard Brothers & Co. Limited	Lazard Brothers & Co. Limited
London Multinational Bank (Underwriters) Limited	London Multinational Bank (Underwriters) Limited	London Multinational Bank (Underwriters) Limited
Merrill Lynch International & Co.	Merrill Lynch International & Co.	Merrill Lynch International & Co.
Midland Debarry Limited	Midland Debarry Limited	Midland Debarry Limited
Morgan Grenfell & Co. Limited	Morgan Grenfell & Co. Limited	Morgan Grenfell & Co. Limited
Nomura Europe N.V.	Nomura Europe N.V.	Nomura Europe N.V.
Oriental Bank Limited	Oriental Bank Limited	Oriental Bank Limited
Pittfield, Mackay, Ross & Company Limited	Pittfield, Mackay, Ross & Company Limited	Pittfield, Mackay, Ross & Company Limited
Richardson Securities of Canada	Richardson Securities of Canada	Richardson Securities of Canada
Rose & Platten, Hain-Brown	Rose & Platten, Hain-Brown	Rose & Platten, Hain-Brown
Schroder, Münchmeyer, Hengst & Co.	Schroder, Münchmeyer, Hengst & Co.	Schroder, Münchmeyer, Hengst & Co.
Stevenson Oyens & Van Geyten N.V.	Stevenson Oyens & Van Geyten N.V.	Stevenson Oyens & Van Geyten N.V.
Société Générale	Société Générale	Société Générale
Svenska Handelsbanken	Svenska Handelsbanken	Svenska Handelsbanken
UBS-DB Corporation	UBS-DB Corporation	UBS-DB Corporation
M. M. Warburg-Brimm, Wirtz & Co.	M. M. Warburg-Brimm, Wirtz & Co.	M. M. Warburg-Brimm, Wirtz & Co.
Yamashita International (Europe) Ltd.	Yamashita International (Europe) Ltd.	Yamashita International (Europe) Ltd.


**Texas Commerce Bancshares, Inc.**  
 PARENT COMPANY OF

**TEXAS COMMERCE BANK**  
 HOUSTON, TEXAS

Incorporated with Limited Liability in the U.S.A.

**Consolidated Statement at June 30th, 1976**

ASSETS	
Cash & Due from Banks	\$485,518,000
Foreign Time Accounts	320,864,000
Total Investment Securities	880,257,000
Loans	\$2,152,069,000
Less: Reserve for possible credit losses	21,164,000
Funds Sold	591,046,000
Banking Premises and Equipment	76,850,000
Other Assets	179,871,000
<b>Total Assets</b>	<b>\$4,675,311,000</b>
LIABILITIES	
Demand Deposits	\$1,505,203,000
Time Deposits	1,721,845,000
Foreign Branch Deposits	485,817,000
<b>Total Deposits</b>	<b>\$3,712,865,000</b>
Funds Purchased	501,565,000
Other Liabilities	154,257,000
8½% Debentures due 1985	50,000,000
<b>Total Liabilities</b>	<b>\$4,418,687,000</b>
CAPITAL ACCOUNTS	
Preferred Stock	\$1,531,000
Special Preferred Stock	238,000
Common Stock	35,665,000
Class B Stock	10,531,000
Surplus	90,018,000
Retained Earnings	118,641,000
<b>Total Capital Accounts</b>	<b>\$256,624,000</b>
<b>Total Liabilities &amp; Capital Accounts</b>	<b>\$4,675,311,000</b>

 NET INCOME FOR THE FIRST HALF OF 1976 WAS \$19,649,000,  
 AN INCREASE OF 8% OVER THE FIRST HALF OF 1975.

 London Branch, 44 Moorgate EC2R 6AY. Tel: 01-638 8021. Telex 884851.  
 ROBERT C. HUNTER, Senior Vice President and General Manager.  
 Offices: Houston, London, Nassau, New York, Mexico City, Tokyo.

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 Cameron Iron Works, Inc.  
 GARNER ANTHONY, Chairman,  
 Cox Enterprises, Inc.  
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## AMERICAN NEWS

# Cool business reaction to new Canada profit rules

BY JAMES SCOTT

TORONTO, Sept. 8

NANCE MINISTER Donald Macdonald went some way to soothe the feelings of Canadian businessmen with new profit rules announced yesterday. He left the gap between the rules and the federal government wider than ever. Economists, bankers and other businessmen said the changes in the Board of Trade profit rules were welcome but inadequate to encourage investment and create jobs as Mr. Macdonald said they were intended to do. Labour spokesmen said the new profit rules further increased the burden of fighting inflation on the backs of workers. The president of the Canadian Manufacturers Association, Mr. D. Blouin, said the changes would only reduce the damage the Government has already done in terms of lost investment, flight of capital, poor productivity and loss of jobs. The Government is easing its anti-inflation controls on profits and announced new incentives for business to reinvest to improve productivity. Although most of the new regulations to be applied next year are the same as those proposed in Mr. Macdonald's May 25 budget, the two concessions are important to business. Business had complained that the Government would reduce profits severely by applying the regulations to individual product lines as well as to a company's total profit. A single net margin test now will be applied. To spur investment, which has sagged largely as a result of the anti-inflation programme, the Government will permit companies to keep a portion of excess profit for such investments. Mr. Macdonald stressed that the Government is committed to winding up the Anti-Inflation Board by the promised 1978 deadline. Victor Mackie adds from Ottawa: Mr. Macdonald said easier rules for business were necessary because of concern over unemployment and lagging investment by Canadian companies, but wage increases were "in excess" of the programme's objectives and there would be no easing of pay curbs.

# Amex to consider gold, silver futures

The American Stock Exchange Board will today consider a staff recommendation that it begin a pilot programme for trading options in gold and silver futures. Amex sources told AP-DJ in New York. However, they said that the start of such a market "is a long way off" and depends on ultimate clearance by the Securities and Exchange Commission and the Commodities Futures Trading Commission.

**Pipeline puzzle**  
The trans-Alaska pipeline project is nearly 80 per cent complete, with the pipeline portion alone 90.2 per cent complete, Alyeska Pipeline Service Company said yesterday in Anchorage. But Congressional investigators said yesterday that problems with welds on the Alaska pipeline were continuing this year rather than having ended in 1975 as claimed by Alyeska Pipeline Agencies.

**Uniroyal restarts**  
Uniroyal has said that it expects all its plants to begin operating immediately following ratification of a new three-year contract with the United Rubber Workers Union, Reuter reports from New York. It expects to reach full production levels by the end of the week.

**Strike called off**  
A nine-day national strike of some 15,000 sugar workers in Guyana was called off yesterday after agreement was reached on a committee to investigate workers' complaints against a high sugar corporation official, Reuter reports from Georgetown. It will be headed by an Appeal Court judge. Guyana produced about 340,000 tons of sugar annually which accounts for over 30 per cent of its exports.

**Pollution payment**  
General Electric, in a negotiated settlement with the Department of Environmental Conservation, has reportedly agreed to pay \$3m. to ward cleaning the Hudson River of highly toxic chemicals that it dumped there, AP-DJ reports from New York. GE has also agreed to pay \$1m. for research towards ending the problem.

**Caribbean loans**  
The Caribbean Development Bank, the regional financial institution of the Caribbean Community, has approved loans totalling \$US\$44m. for four countries in the eastern Caribbean, a statement from the bank has said. The new loan approvals bring to \$102.8m. the total disbursed by the bank since it started operations in late 1969. The loans were approved for the development of industrial estates, industrial credit, housing and education, and were granted to St. Kitts-Nevis-Anguilla, St. Vincent, St. Lucia and Barbados.

## ARGENTINA'S GUERRILLAS

# Near the end of the road

BY ROBERT LINDLEY, IN BUENOS AIRES

THE GUERRILLAS in South America are making their last stand, apparently, here in Argentina. Or perhaps they already have made it and lost. This at least is the impression given by the increasing difficulties the guerrillas are having in harassing the "combined forces"—the three armed forces plus the federal and provincial police. An average of about four guerrillas are killed daily in clashes with combined forces units, who rarely lose one of their own men in these clashes any more. The dismantling of the guerrillas in Argentina was given its biggest boost so far with the killing of Mario Roberto Santucho on July 19 in the outskirts of Buenos Aires. Santucho was the leader of the Marxist "People's Revolutionary Army" (ERP) and the only legendary figure left in the entire South American guerrilla movement. Killed with Santucho was one of his top lieutenants who, like all of the ERP leadership, had been trained abroad for more than two years. Both men had in their pockets air tickets for yet another trip to Cuba on a flight leaving the day after they were gunned down. Santucho's death dramatised the predicament of the once-powerful and super-bidly ERP, which three years ago was able to stake out for itself a wide swathe of jungle in the remote and impoverished province of Tucuman, in the Argentine north-west, and call it a "liberated zone". At the time of the killing of Santucho by a special Army patrol (whose commanding officer, a captain, also died in the shooting), Army intelligence estimated that the ERP had lost 80 per cent of its leadership and 50 per cent of its rank and file. In other words Army intelligence believed, perhaps pessimistically, that about 400 ERP combatants were still alive and on a war footing. With its leadership all but completely decimated, the ERP has been unable to mount any more of the brilliant strikes which were once its trademark. The most brilliant, from both the military and political points of view, were attacks on armed forces and police arsenals and the capture of priceless quantities of weaponry. It was almost exactly two years ago, on the night of August 11, 1974, that an ERP task force descended from a bus near the arsenal, which at the time was manned by only 80 troops, Catamarca province, south of Tucuman province—on such a mission. The Army's air transport infantry regiment was garrisoned nearby, and the guerrillas set out for it on foot. But they were discovered by provincial policemen, and several of them were wounded before they could disappear in the dark. The following morning, after the guerrillas obliged a federal police contingent to retreat, killing one of their officers, Army paratroopers fell on them and, in a six-hour pitched battle, killed 18.

The guerillas' strategic calculations have been seen to go more and more awry, as though planned by inept commanders increasingly for propaganda effect.

The decline of the ERP did not, of course, begin with the killing of Mario Roberto Santucho in July, but with that guerrillas was his regime's No. 1 priority. The other major Argentine guerrilla group, the nominally Peronist Montoneros (which means bush fighters, although they are almost exclusively urban guerrillas), is believed by Army intelligence to have 70,000 sympathisers. But very few are venturing to guess how large the Montoneros' fighting force might be any more. The Montoneros never had the command capacity that Santucho gave the ERP. Moreover, unlike the Marxist ERP, the Montoneros lack a coherent political plan, and also unlike the ERP guerrillas, the Montoneros tend to be careless, both individually and collectively. This seemingly inexplicable carelessness may be the result of the group's being centred principally in the university student bodies, in which secrets tend not to be kept for long and in which Government spies are numerous. "We must win this dirty war in the cleanest way possible," a Government spokesman said the other day, and then added: "In the quickest possible way as well." Officers in the combined forces excuse torture by citing the example of the French forces in the Algerian war. "As for torture," said one of them privately recently, "we know that we have a maximum of six hours, and usually no more than four hours, to get information out of a captured guerrilla which will allow us to capture more of them. So..."

# Dole receives 'sincere apology'

BY JUREK MARTIN, U.S. EDITOR

WASHINGTON, Sept. 8

IE FORMER chief Washington lobbyist of Gulf Oil to-day retracted his previous assertion that in 1970 he had given Senator Robert Dole, the Republican Vice presidential candidate, \$2,000 to shush for Republican campaign purposes. Mr. Claude Wild said he had retracted his "sincere apology." He said that he had looked up his records for the riot and discovered his error. The 1970 case is one of two instances in which the names of Gulf Oil, which has admitted asking numerous political con-

# Gulf Oil-Ecuador row

BY JAY PALMER

NEW YORK, Sept. 8

DISPUTE between Gulf Oil and the Government of Ecuador dating back to earlier this year is now flared up into a major row which could ultimately result in the large U.S. oil company leaving Ecuador. In an open communication sent week ago and only made public yesterday, Gulf categorically threatened to terminate its oil operations in Ecuador. In the U.S., the company said it had requested the start of "negotiations" that would lead to an orderly withdrawal of the company from the oil sector of the country. Despite its initial hard line, however, Gulf left no doubt that there was still room for compromise. Gulf's involvement in Ecuador dates back to the early 1970s when it began as a member of a consortium to produce and transport the bulk of oil emerging from Ecuador's Oriente fields. Gulf noted that its communication, "while regrettable, followed unilateral actions on the part of the Ecuadorian Government which now prevent Ecuadorian Gulf from earning a reasonable profit on its large unrecovered investments." Specifically, the quarrel stems from the Government's demands that Gulf repay \$60m. to the country's Treasury \$13.5m. in withheld oil revenues or risk appropriation. Gulf, for its part, has accused the Government of taking crude oil in excess of entitlement, withholding profit sharing, forcing supply of local interests in excess of agreement and non-payment of debts.

# Boston clash over bussing

BOSTON, Sept. 8

AT LEAST eight people were injured and 17 arrested when police and demonstrators clashed in a white area of Boston last night, the third anniversary of compulsory integration in the city's schools. Police were called out to break up a march of about 300 anti-bussing demonstrators in South Boston. Shortly afterwards, roving gangs of white youths clashed with police, throwing stones and bottles. In one incident the black driver of a bus and his passengers were hit by flying glass when youths stoned the vehicle. Boston's schools are due to reopen to-day after the summer holiday.

# FDA loses liquor label bid

BY OUR NEW YORK STAFF

NEW YORK, Sept. 8

THE FOOD and Drug Administration (FDA), the U.S. Government agency which shares jurisdiction over alcoholic drinks with the Bureau of Alcohol, Tobacco and Firearms (BATF), has for the moment been thwarted in its attempt to require the labels on wine and liquor bottles to list all ingredients of the bottles' contents. A Louisville federal judge has ruled that it is the BATF, which is a branch of the Treasury Department, which has jurisdiction. The BATF determined last year, after public hearings, that such labelling was not necessary. It is the FDA's contention that consumers have a right to know what ingredients they are consuming, and plans are being made to appeal the judge's decision. From the distillers' point of view, such labelling would increase their costs by requiring more chemistry, more book-keeping, and additional work in the labelling itself. Eight distillers began legal proceedings in March to contest the rule, which was to have taken effect in January 1977, a date which was later amended to January 1978. Should the labelling requirement ever take effect, liquor producers will have to list all ingredients, as well as specifying if a flavour or a colour is artificial. Preservatives would also have to be listed. Joining the distillers suit were the Distilled Spirits Council of the U.S., the National Association of Alcoholic Beverages Importers and the Wine Institute.

# Eight Argentine guerillas killed

BUENOS AIRES, Sept. 8

EIGHT GUERRILLAS have died in four separate clashes with security forces, the army and police have reported here. Two other persons—a police sergeant and a bank employee—were also killed yesterday, allegedly by terrorists. The killings raise the death toll in Argentina's political violence to 564 for the year. President Jorge Videla has predicted a quick victory against subversives, adding that the Government's campaign against insurgents is not limited only to the military front. "For us, subversion has political, economic, social, cultural, psychological and military dimensions," President Videla told reporters in Catamarca, 740 miles north-west of Buenos Aires, UPI.



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or loading bays. It is the maintenance of production schedules. It is the avoidance of congestion and delay. It is stock rotation, the reduction of waste. It can reduce friction between sections, between departments, reduce physical fatigue and injury, reduce costs in often unexpected ways. Next time one of your managers comes to you about materials handling and storage, remember this advertisement, remember Lansing Bagnall, and give him your time. He may be able to give you much more back.

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## EUROPEAN NEWS

Italy gold plea to IMF  
main EEC talks topic

BY GUY DE JONQUIERES, COMMON MARKET CORRESPONDENT

BRUSSELS, Sept. 8

ITALY is expected to try to win the backing of its Common Market partners later this week for its demand that the International Monetary Fund hold its gold auctions less frequently. The Italian request is likely to be one of the main topics raised at the next meeting of the EEC Monetary Committee, grouping treasury and central bank officials of the Nine, in Copenhagen on Friday, when Dutch proposals for closer Community co-ordination of fiscal and monetary policies are also due to be discussed.

A number of Common Market countries will also be keen to take the opportunity to sound out France's representatives on their government's economic and monetary thinking, since this will be the first formal EEC meeting to be held since M. Raymond Barre was appointed Prime Minister last month.

It is thought unlikely that Italy will be able to persuade its partners to press for postponement of the next gold auction, which is now only a week away. More realistically, it will probably try to encourage a consensus in support of its demand among the Nine in advance of the forthcoming IMF annual meeting in Manila.

The initial reaction of EEC officials has been that few, if any, of Italy's EEC partners will actively resist its request, and that it is likely to win a sympathetic hearing from France, Belgium, both of which hold a large proportion of their reserves

## EEC inflation 'here to stay'

BRUSSELS, Sept. 8

ARGUING THAT inflation in the European Community is without doubt, EEC inflation rates that ranged from 20.9 per cent in Ireland to 6.1 per cent in West Germany in 1975, could be reduced short-term in some member countries but only at very high economic and social costs, notably at the expense of unemployment and stagnating living standards. The economists also warned that the EEC Commission with the economic upswing, a completed in March, but never unduly.

AP-DJ

France  
re-examines  
nuclear  
sales policy

By Robert Maudsley

PARIS, Sept. 8

THE FRENCH Government has decided to take a long, hard look at its nuclear exports policy following talks here yesterday between President Giscard d'Estaing and Dr. Henry Kissinger, the U.S. Secretary of State.

Although suggestions that France is bowing to American pressure have been strenuously denied—the Government spokesman, M. Jean-Pierre Lecat, said that “no specific transaction was discussed by the President and Dr. Kissinger”—all the indications are that the French are beginning to come round to the idea that stricter safeguards may be necessary to prevent the spread of nuclear weapons.

There is little doubt that it has not been Dr. Kissinger alone who has persuaded the French to take second thoughts. The typically blunt manner in which the U.S. Secretary of State tried to block the sale of a French nuclear reprocessing plant to Pakistan last month caused widespread resentment in France and could well have proved to be counter-productive if it had not gone hand-in-hand with other negative international reactions.

It was almost certainly the resolution adopted by the non-aligned nations at their recent Colombo summit calling for an oil embargo against France for supplying arms and a nuclear power station to South Africa that tipped the scales.

Since then, a top-level committee, chaired by President Giscard himself and made up of the Prime Minister, M. Raymond Barre and several other Ministers, has been set up to define and co-ordinate exports of nuclear techniques and products. The announcement after yesterday's Giscard-Kissinger talks that the Government will conduct a thorough examination of all aspects of the problem of nuclear exports suggests that the gap between the American and French positions has been narrowed.

Up to now, France has maintained that, though it is not a signatory of the nuclear non-proliferation treaty, it has always respected its provisions and has obliged its clients to submit themselves to the controls of the Vienna-based International Energy Agency. In the case of the sale to Pakistan of a nuclear reprocessing plant, the French even maintained that they had imposed additional safeguards which went beyond those laid down by the IAEA, and that they could hardly be expected to do more.

Jogged by Dr. Kissinger and lobbied by the non-aligned nations, however, French thinking on the subject appears to have become less rigid. As the Government has decided to embark on a re-examination of its nuclear exports policy, it can only be assumed that it is beginning to have doubts about the effectiveness of the controls which have been applied hitherto and that it is willing to look at a system of stricter safeguards.

Police swoop  
after Corsica  
airline blast

AJACCIO, Sept. 8

THE DESTRUCTION of an Air France Boeing 707 airliner on the ground here last night brought widespread police action to-day against Corsican autonomist circles and heightened tension on this French Mediterranean island.

Since released about 50 people detained immediately after the aircraft went up in a ball of flames last night, but held another 30 for questioning. No one was injured in the blast.

The airport attack was the most dramatic incident involving the Corsican autonomist movement, which contains an element of anti-tourism, since two policemen were shot dead by activists a year ago. An extreme group calling itself the Corsican Liberation Front claimed responsibility, and police said they had identified the attackers.

The incident occurred after a demonstration by angry drivers, backed by autonomist elements, who had been confronting large forces of police on roads into Ajaccio for several days.

The lorry drivers were demanding the release of a local union leader arrested last month during another demonstration, and by their discontent over ferry charges to the mainland.

Reuter

## THE ANDREADIS TAKEOVER IN GREECE

## The spread of State control

BY OUR ATHENS CORRESPONDENT

THE inconsistency of the mandatory management of a pared—and subsequently passed Government's economic policy is raising eyebrows in business circles in Greece. While it keeps insisting that it supports private initiative, the Government is at the same time extending state control in several fields, stopping just short of nationalisation.

The most recent case has been the enactment of legislation whereby the Andreadis group, the country's biggest private business empire, is being placed under varying degrees of State control.

In a country where most industry is still family-owned, Professor Stratis Andreadis controls and runs the Commercial Bank of Greece (the country's No. 2 commercial bank) and through it he controls three other commercial banks, an investment bank (with minority ownership by ten American and European banks, including Barclays Bank and Samuel Montagu), three insurance companies, two shipyards, a fertiliser plant, the Athens Hilton hotel, a mutual fund, a credit system, and a number of smaller enterprises. Abroad he controls a number of small banks and extensive shipping interests.

The government's economic overlord, Co-ordination Minister Panayotis Papaligouras, has repeatedly stated that the government is basing the country's economic and social progress on private initiative which it is determined to encourage and strengthen. But, Mr. Papaligouras adds, there is a necessary distinction between ordinary industrial and commercial enterprises on the one hand and banking institutions on the other. Concerning commercial banks in particular, he stresses that the Government and the monetary authorities are duty bound to maintain a watchful eye on the public's savings, a duty recognised even in the most unrestricted of capitalist countries like the U.S.

In this context, Mr. Papaligouras tabled a bill in Parliament late in August which, he told the House, would ensure the functioning of the banking system in accordance with the regulations of the Government's powerful currency committee. The Bill, already approved by Parliament, has two main provisions. First, if a bank has repeatedly been placed under the

control of administrative and constitutional law, whose financial base abroad is much stronger than his banks and companies in Greece, has indicated that he will challenge the legality of the bill before the Council of State (the country's supreme administrative court).

The reported violations mainly concern over-financing of companies belonging to the banks and the transfer by sale of some shares of companies belonging to the Commercial Bank to other companies in the Andreadis group abroad. The alleged violations have since been the object of a judicial investigation, but contrary to normal procedure the banks concerned have not been invited to provide explanations.

Mr. Andreadis has branded the Government bill as a blatant confiscation of his business empire. He explains that the shares were legitimately transferred abroad in 1972 when they were being threatened by a law being pre-

pared by the Government for the purpose of nationalising the banks.

Mr. Andreadis claims the bill is anti-constitutional and seeks government revenge against him. He points out that for about Dr. 5.4bn. (€53m.), the State will be taking over an empire estimated at more than ten times this amount, at the same time proclaiming its devotion to private initiative.

The 71-year-old former Professor of administrative and constitutional law, whose financial base abroad is much stronger than his banks and companies in Greece, has indicated that he will challenge the legality of the bill before the Council of State (the country's supreme administrative court).

Overall, Premier Karamanlis' handling of economic and social problems has thus far been astute. He not only enjoys a two-thirds majority in Parliament—the biggest Parliamentary majority in democratic Europe—but all opposition parties are politically to the Left of his Government. And yet, most of his measures, including the present banking Bill, are seen to be more radical than anything the opposition, even the Communists, have been able to put forward.

Thus, however reluctantly, the opposition follows his lead. During the debate on the Bill in Parliament, opposition leaders criticised the Government for

not having the courage to see the Bill was aimed at Mr. Andreadis personally and, in fact, asked Mr. Papaligouras to limit it to Mr. Andreadis, Mr. George Pavlos, the leader of the main opposition party, said the Government should ensure the no further business captures are built the Andreadis way.

Earlier this year, several industrialists accused the government of allowing a socialists' "takeover" of the economy. The State takeover provided by the bill has created grave concern to private business circles, because precedent for the application of this or similar laws in the future is being established. The circles point out that the bill introduces the paradox of the State taking over, without compensation, not sectors of the economy, but this property of the only certain, while identical enterprises belonging to other individuals remain under private control, at least for the time being.

The Government already controls and practically runs the Greek banking system. The biggest and oldest commercial bank is the giant National Bank of Greece, which handles about 60 per cent of all commercial banking business and also has enormous real estate holdings.

The Andreadis banks handle another 20 to 25 per cent of business. The remaining 15 to 20 per cent is in the hands of 12 foreign bank branches (whose activities the opposition is urging the Government to curtail) and three small private Greek banks. Among specialised banks, the Government's control is even more thorough. Apart from the Bank of Greece (the Central Bank), it owns the Agricultural Bank, the Hellenic Industrial Development Bank and the Office Savings Bank (through the National Bank) it also controls two mortgage banks and an investment bank.

Impatient at what it considers the slow pace of private investment, last year the Government formed a Dr. 3bn. (€26m.) consortium of state-controlled banks and industries in the mining and chemical fields, while at the same time, formed the public petroleum exploration and prospecting.

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Earlier this year, several industrialists accused the government of allowing a socialists' "takeover" of the economy. The State takeover provided by the bill has created grave concern to private business circles, because precedent for the application of this or similar laws in the future is being established. The circles point out that the bill introduces the paradox of the State taking over, without compensation, not sectors of the economy, but this property of the only certain, while identical enterprises belonging to other individuals remain under private control, at least for the time being.

The Government already controls and practically runs the Greek banking system. The biggest and oldest commercial bank is the giant National Bank of Greece, which handles about 60 per cent of all commercial banking business and also has enormous real estate holdings.

The Andreadis banks handle another 20 to 25 per cent of business. The remaining 15 to 20 per cent is in the hands of 12 foreign bank branches (whose activities the opposition is urging the Government to curtail) and three small private Greek banks. Among specialised banks, the Government's control is even more thorough. Apart from the Bank of Greece (the Central Bank), it owns the Agricultural Bank, the Hellenic Industrial Development Bank and the Office Savings Bank (through the National Bank) it also controls two mortgage banks and an investment bank.

Impatient at what it considers the slow pace of private investment, last year the Government formed a Dr. 3bn. (€26m.) consortium of state-controlled banks and industries in the mining and chemical fields, while at the same time, formed the public petroleum exploration and prospecting.

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Anglo American  
Investment Trust Limited

(Incorporated in the Republic of South Africa)

REPORT FOR THE HALF-YEAR ENDING 30TH SEPTEMBER 1976  
AND DECLARATION OF INTERIM DIVIDEND NO. 73 ON THE ORDINARY SHARES

The following are the estimated results of the company for the six months ending 30th September 1976, together with the figures for the six months ended 30th June 1975 and the fifteen months ended 31st March 1976. These should be read in conjunction with the notes below:

	Six months ending 30.9.76	Six months ended 30.6.75	Fifteen months ended 31.3.76
Investment income (see notes) .....	R000's 16 073	R000's 19 089	R000's 50 175
Interest earned .....	247	303	698
	16 320	19 392	50 873
Deduct:			
Administration expenses .....	234	244	594
Interest paid .....	54	—	117
Provision for taxation .....	67	118	208
	355	362	919
Net profit after taxation .....	15 965	19 030	49 954
Preference dividend .....	130	150	300
Equity earnings (see notes) .....	15 735	18 880	49 654
Cost of interim dividend No. 73 of 150 cents a share .....	15 000	9 800	
Number of ordinary shares in issue .....	10 000 000	10 000 000	10 000 000
Earnings per ordinary share—cents .....	158	189	497
Dividends per ordinary share—cents (see notes) .....	150	95	305

NOTES:

- The company has changed its year end from 31st December to 31st March and the results for the six months ending 30th September 1976 are therefore not comparable with those for the six months ended 30th June 1975. In particular, the results to 30th June 1975 included the De Beers final dividend for the year to December 1974 whereas the results to 30th September 1976 include only the De Beers interim dividend for the year to December 1976.
- As previously announced the company's interim and final dividends are now based on the dividends paid by its major investments out of their earnings to June and December respectively in each year. De Beers has recently increased its interim dividend to 12.5 cents per share (8 cents) to reduce the disparity between the interim and final dividends. For the same reason, the company has increased its interim dividend.
- It should not be assumed that the results for the six months ending 30th September 1976 will necessarily be proportionate to the results for the year ending 31st March 1977 because investment income does not accrue evenly throughout the year. It will be recalled that the results for the 15 months to 31st March 1976 included three dividends from De Beers—two final and an interim and that an amount similar to that accrued in respect of the De Beers 1975 final dividend was transferred to general reserve.
- Particulars of the company's listed investments are as follows:

	7.9.76	30.6.75	31.3.76
Market value .....	R000's 343 159	R000's 349 147	R000's 305 505
Book value .....	46 394	45 444	46 394
Appreciation .....	296 765	303 703	259 111

\* The last practical date before publication of these results.

**Diamond Sales**  
The company has substantial interests both in De Beers Consolidated Mines Limited and in the diamond trading companies of the De Beers Group. Sales by the Central Selling Organisation (C.S.O.) for the period 1st January to 30th June 1976 amounted to R861 909 000, a 92 per cent improvement over sales of R356 080 000 attributable to the previous six-month period. For the year ended 31st December 1975 C.S.O. sales amounted to R733 479 000.

For and on behalf of the Board  
H. F. Oppenheimer, Directors  
J. Ogilvie Thompson

## INTERIM DIVIDEND NO. 73 ON THE ORDINARY SHARES

Notice is hereby given that dividend No. 73 of 150 cents per ordinary share (1973, 95 cents) being an interim dividend for the year ending 31st March 1977, has been declared payable to ordinary shareholders registered in the books of the company at the close of business on 24th September 1976.

The ordinary share transfer registers and registers of members will be closed from 25th September to 8th October 1976, both days inclusive, and warrants will be posted from the Johannesburg and United Kingdom offices of the transfer secretaries on or about 4th November 1976. Registered shareholders paid from the United Kingdom will receive the United Kingdom currency equivalent on 26th October 1976 of the dividend value of their dividends (less appropriate taxes). Any such shareholder may however elect to be paid in South African currency provided that any such request is received at the offices of the company's transfer secretaries in Johannesburg or the United Kingdom on or before 24th September 1976.

The effective rate of non-resident shareholders' tax is 14.9520 per cent. The dividend is payable subject to conditions which can be inspected at the head and London offices of the company and also the offices of the company's transfer secretaries in Johannesburg and the United Kingdom.

By order of the Board  
ANGLO AMERICAN CORPORATION OF SOUTH AFRICA LIMITED  
Secretaries.

per C. L. Maltby,  
Senior Divisional Secretary.

Registered Office:  
44, Main Street  
Johannesburg 2001,  
South Africa.

Charter Consolidated Limited,  
P.O. Box 102,  
Charter House,  
Park Street,  
Ashford, Kent,  
TN24 5EQ.

8th September, 1976.

Transfer Secretaries:  
Consolidated Share Registrars Limited,  
62, Marshall Street,  
Johannesburg 2001,  
(P.O. Box 61051, Marshalltown 2107),  
South Africa.

8th September, 1976.

## Ceausescu arrives in Yugoslavia for talks with Tito

LJUBLJANA, Sept. 8

ROMANIAN President Nicolae Ceausescu arrived to-day for a three-day official visit to Yugoslavia and was met at Ljubljana airport by President Tito.

The two Presidents were to go to Marshal Tito's nearby Alpine retreat, Brdo kod Kranja, for talks originally scheduled for last October but abruptly postponed until now.

No official reason for the postponement was given, but diplomats said the most serious problem probably arose from the alleged kidnapping by Yugoslav agents in the Romanian capital in August last year of a hard-line Communist and anti-Tito émigré leader, Mr. Vladimir Dapcevic.

Mr. Dapcevic, a naturalised Belgian citizen, was jailed here this July for 30 years for crimes against the state.

Despite the postponement, Yugoslav officials say relations between the two countries and

their independent-minded Communist parties are good.

Observers expect the aftermath of the European Communist summit in East Berlin this June to be discussed, with Yugoslav officials expressing anxiety about what they see as attempts by the

## Nippon T &amp; T

NIPPON TELEPHONE and Telegraph Public Corporation is expected to sign a contract with a syndicate headed by Deutsche Bank for the flotation of a DM100m. bond guaranteed by the Japanese Government, Japanese underwriter sources said.

The terms are still under negotiation, but the loan period is likely to be seven years or longer.

Reuter

## Rhone-Poulenc sales

THE MAJOR French chemical and textiles group Rhone-Poulenc said on Wednesday that its consolidated first-half turnover this year totalled Frs.10,771bn., an increase of 18.9 per cent. from the Frs.9,058bn. recorded during the same period last year. The company remarked that turnover growth over the first quarter of this year was only 12 per cent.

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BRITISH MONTHLY (Feb. 1975)

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مكاتب الأمل



## OVERSEAS NEWS

# Russia moderates Lebanon stand

BY DAVID SATTOR

AFTER A month of Soviet support for the Palestinian and the Moslem Lebanese Left, the Communist Party newspaper Pravda, said today that only a political solution based on a reasonable compromise can end the Lebanese war.

For the first time, it also criticised some "Left-wing elements within the Palestinian movement and the patriotic forces" for attempting "to reject out of hand" any peaceful proposals that could lead to an end of the fighting.

In the most carefully worded and dispassionate of the official Soviet statements on the situation in Lebanon, Pravda said that civil war can be solved peacefully and democratically by the Lebanese themselves with respect for the independence and territorial integrity of Lebanon.

The article was signed "Observer," which indicates the highest Kremlin approval.

Pravda said that a settlement must not be achieved at the expense of the Right of the

MOSCOW, Sept. 8.

Palestinians or of the "lawful demands" of the Lebanese Left, but that 17 months of fighting have shown that the conflict cannot be resolved through military means.

The newspaper again criticised Syria for its intervention in Lebanon, but did not directly condemn Syria's act or repeat its call for a withdrawal of Syrian troops.

Instead, it called for the "restoration" of Syria's disrupted co-operation with the Lebanese Left and the Palestinians.

# Palestinians urged to set up government in exile

BY ISHAN HIJAZI

THE admission of the Palestine Liberation Organisation as the twenty-first member of the Arab League and Palestinian refugees on the Lebanese crisis have raised the question of establishment of a Palestinian government in exile.

The decision to admit the PLO as a full member of the League, taken in Cairo on Monday, is thought by some observers to be a morale booster after what the Palestinians regarded as attempts to suppress the guerrilla movement.

But a member of the Lebanese cabinet today urged the PLO to put the League move into practical use by setting up government in exile which will consolidate Palestinian legitimacy to go hand in hand with the rejected rise of a new Lebanese Government under President-elect Elias Sarkis when he assumes power on September 23.

Meanwhile, the visit to Damascus today by Mr. Camille Chamoun, the Lebanese Minister of the Interior and leader of the

right-wing group, the National Liberal Party, is given special significance here. This is because Mr. Chamoun, a former President, is considered a militant Christian, and because this is his first visit to Syria in 22 years.

Until Syrian troops came here in June to support the Christians against the Palestinians and Left-wing, the relationship between Mr. Chamoun and Damascus was strained.

Sources close to Mr. Chamoun said he intends to urge Syria to resort to outright military action to force the guerrillas to return to their camps and withdraw from the eastern mountains.

Although Mr. Kamal Jumblat, the leader of the Left-Moslem alliance and the PLO's strongest friend here, has already urged the Palestinians to form their own government in exile as far as possible, informed observers see complex difficulties involved.

BEIRUT, September 8.

However, the idea came in for sharp criticism from Syria and the Damascus-sponsored guerrilla group, Al-Sa'iq. Although the main group, Al-Fatah, was reported to be in favour of the idea, its leader, Mr. Yasser Arafat, who is also the PLO chairman, was afraid the issue could widen the split in command ranks.

The "Rejection Front" led by the Marxist Popular Front for the Liberation of Palestine (PFLP) also rejected the idea, maintaining that a government in exile meant bringing the guerrilla movement into plans for a peaceful settlement with Israel.

At the official level, the PLO, to be able to go ahead with setting up a government, will need a decision from its own parliament, the Palestine National Council which has not met for almost two years. Efforts earlier to form a new parliament did not materialise because of the intervention of the Syrian military.

The idea of a Palestinian government in exile was proposed seriously by Egyptian President Anwar Sadat as early as 1972.

# NZ union Bill delay

BY DAI HAYWARD

WELLINGTON, Sept. 8

PRIME Minister Robert Muldoon has agreed to delay introduction of tough new industrial legislation for up to three weeks to give unions and employers time to consider it. The proposed legislation which was originally planned to be introduced into Parliament this week imposes severe penalties on trade unions, union leaders and workers who strike outside permitted areas.

The measure brought a strong reaction from trade unions, with a direct confronta-

tion with the Government looming. The Australian trade union movement has promised support and threatens a possible trade ban against New Zealand if the Government goes ahead with the anti-union measures.

After considering details, the industrial relations council, comprising employers and trade union members under chairmanship of Labour Minister Peter Gordon asked the Prime Minister to delay the Bill to give employers and trade unions time to examine proposals. Mr. Muldoon agreed.

# Cutback in Oman budget

BY BARBARA CASASSUS

MUSCAT, Sept. 8.

MAJESTY GENERAL budget is set to shrink by around 10 per cent to RO155m. from RO165m. (£17.5m.) annually between this year and 1980 in the guideline summary of the Sultanate's five-year development plan published in the strictly official gazette.

The figures, which are estimates on current prices, show a plan envisages a cutback of 5.5 per cent in the budget over the period from RO650m. to RO490m. because of an anticipated decline in oil income from RO470m. to RO425m. and a dra-

matic fall in loans and aid from RO155m. to RO19m.

However, officials point out this projection is based on the most pessimistic view of Oman's economic development and that oil explorations now underway may well prove sufficiently successful to reverse the decrease in earnings before 1980.

The statistics quoted in the gazette are taken from one chart in the full report of the plan, which is scheduled for publication at the end of the month.

# Australian demand picks up

CANBERRA, Sept. 8.

PRIVATE domestic final demand for goods and services, seasonally adjusted and at constant prices, increased by 1.9 per cent in the first half of this year following a rise of 0.8 per cent in the previous half year, the Treasury reported today.

The Treasury said in its monthly review of the economy that final demand rose by 1.1 per cent in the March quarter and 2.4 per cent in the June quarter. The Treasury emphasised that these preliminary statistics were subject to revision and should be interpreted with caution.

The review said that in the half year up to June total public sector spending, in seasonally adjusted constant prices, declined 1.9 per cent, falling 4.4 per cent in the March quarter and rising 4.5 per cent in the June quarter, after increasing by 1.9 per cent in the December half year. Total domestic final demand rose by 1.1 per cent in the June half year, much the same as in the December half year.

Later figures showed that the value of retail sales, in seasonally adjusted current prices, rose by 3.6 per cent in the three months to July following increases of 4 per cent in the preceding three months.

In the three months to July, registration of new cars totalled 118,300, seasonally adjusted, compared with 120,500 in the three months to April and 102,600 in the three months to January 1976.

The Treasury said registrations declined sharply in July, apparently as a result of more stringent emission control specifications for cars.

In the three months to July, seasonally adjusted private dwelling approvals totalled 33,300 compared with 36,800 in the three months to April and 35,100 in the three months to January.

AP-DJ

# Rise in Iran oil exports

TEHRAN, Sept. 8.

THE NATIONAL Iranian Oil Company (NIOC) increased its direct crude oil exports in August to 953,851 barrels per day, an official statistic disclosed today.

Apart from its sales through the Western consortium, now estimated at 5.6m. barrels per day, NIOC had been scheduled to export 600,000 barrels of oil per day in August. But in view of new sales contracts with Bangladesh, India, Romania, Sri Lanka, Bulgaria and Czechoslovakia, NIOC increased exports, the report said.

The statistics disclosed that during the first four months of 1976 NIOC average exports reached 494,000 barrels per day. NIOC is currently engaged in sale negotiations with a number of independent companies, according to a source.

AP-DJ

# Foxbat examined

TOKYO, Sept. 8.

JAPANESE military experts today started checking the top-secret MIG-25 Foxbat aircraft flown to Japan on Monday by a Soviet pilot seeking asylum in the United States, the Defence Agency here said.

Reuter

# ON OTHER PAGES

International Company News: Seas projections; Renault reshuffle; 30

Farming and Raw Materials: Danish drought threat; Copper stockpile denial; 30

## COLONEL KHEDAFFI'S LIBYA

# A talent to alarm

BY JAMES BUXTON, RECENTLY IN LIBYA

IT MAY be a difficult fact for President Sadat of Egypt to accept but no amount of oratory and the little direct action he can reasonably take is likely to bring down the regime of President Muammar Khedafi of Libya. Barring an accident or an internal army upheaval in Libya, President Khedafi, who last week celebrated the seventh anniversary of the Revolution which brought him to power, looks set to continue on the course which infuriates and alarms his more moderate neighbours.

The anger of President Sadat and of several other Middle East Leaders boiled over when, early in July, President Jaafar Mohammed Nimairi of Sudan charged that Libya had backed the bloody coup attempt against him. It was the climax of a long series of highly provocative moves by the Libyan leader. In the past year all but one of Libya's neighbours have suffered attempted insurgency by forces inspired and helped by President Khedafi. The only exception has been Algeria, while Libya's southern neighbour Chad has suffered the annexation of a substantial part of its territory, thought to contain uranium deposits, and official maps of Libya have been amended accordingly.

The scale of activities in the Middle East, as well as the Libyan leader's support for terrorist groups as far apart as Ireland and the Philippines, appears to have convinced President Nimairi and President Sadat that their neighbour is a menace whose removal is highly desirable, and that at any rate they should try to isolate Libya diplomatically in the Middle East. Despite a military pact between the two countries little has so far been achieved. The rhetoric has been stepped up, while an estimated 30,000 Egyptian troops have been moved into the Western Desert near the Libyan border. Sudanese troops are reported to be doing the same thing in the south. There has been a steady worsening in day to day relations between Egypt and Libya, while Sudan has broken off diplomatic relations altogether.

Yet Libya has apparently been unaffected. Col. Khedafi has belatedly moved troops up to the border with Egypt, but his anniversary speech last week, if not actually conciliatory, did little to fan the flames. Allegations that Libya was responsible for recent bomb attacks in Egypt have been denied, and have been received with scepticism even by some Egyptians. Libya has not been diplomatically isolated; its pact with Algeria survives and relations with Tunisia, poor for several years, have been patched up.

It is difficult to see what Egypt could achieve even if its troops crossed the border. No one seriously doubts that the Libyan Army would prove no match for the Egyptians, but then President Khedafi has said his Army will not fight anyway. An invasion would almost certainly be condemned in much of the Arab world, for President Khedafi commands sympathy with conservative as well as left-wing states for his country's austere practices of Islam. An Egyptian attack on a camp housing potential insurgents in the border area would do little more than prove that such camps exist: it would probably not be a grave blow to Libya. The insurgents normally receive little formal training.

Above all, military attack is highly unlikely to lead to the removal of President Khedafi, so that the attention of anyone wishing to depose the Libyan leader must focus on the internal situation in the country. Here there are fewer potential sources of opposition than one might expect. There is a moderately contented merchant class but, because of Libya's small (2.4m. in 1975) population and very recent start in development there is no substantial group within the country with a long tradition of education and experience in Government. Political parties are banned and do not, so far as one can tell, exist underground; indeed they existed only in the most vestigial form before the revolution.

Even though Col. Khedafi has substantially increased education at all levels, which must be one of the major achievements of his regime, this has barely increased political consciousness. In some

ways this is not surprising when one considers that the secret police are all-pervasive, dissent is punished with imprisonment (there are thought to be between 100 and 200 political prisoners) and Libyans have lived all their lives with a rigidly controlled Press. Most Libyans are content

any this year after they protested against Government attempts to influence the election of student representatives. One source claims that other students were later tortured—not, according to the torturers to obtain information but simply as a punishment.

Another 250 students were reported to have been injured at the University of Tripoli in April after a demonstration but most observers believe that it is the Government's inept handling of the students rather than a developing political consciousness which has caused the trouble. Nevertheless, those students who have suffered are likely to develop bitterly anti-Government attitudes.

While lacking normal political freedoms, Libyans do have a chance to express their rumbles through the system of Popular Congresses under the sole political organisation, the Arab Socialist Union. Usually, though, they are too cowed by the obvious power of the Revolutionary Command Council to make much use of this opportunity. President Khedafi claims that the Libyan political system "solves the problem" of democracy, but he admits the real nature of power in Libya in a highly telling passage at the end of the only published chapter of his little Green Book.

Talking about the Libyan Popular Congresses he says: "This is real democracy from the democratic angle, but from a factual angle the strong always rule." For those who may miss the point he goes on: "In other words the stronger side in society is the one which rules." This is well understood in Libya.

Effective dissent appears to be largely confined to the Armed Forces. Even though they rule the country through the RCC, they have difficulty recruiting sufficient numbers (the Army now numbers about 32,000, the Navy about 2,700 and the Air Force 5,000) since most educated and uneducated Libyans prefer to go into business or, reluctantly, Government service.

This may bode ill for the future of the country's future rulers. Dissent inside the Army is very hard to fathom, but last year at least 30 officers are known to have been rounded up after an attempted coup which led to the slimming down of the RCC from 11 to an effective group of five, including Col. Khedafi and the able, moderate Prime Minister, Major Abdul Salam Jalloud. The President's dominance over this body and the country as a whole is total: he personally has to sign the decrees for large items of expenditure and keeps a close watch on every kind of development in the country and outside.

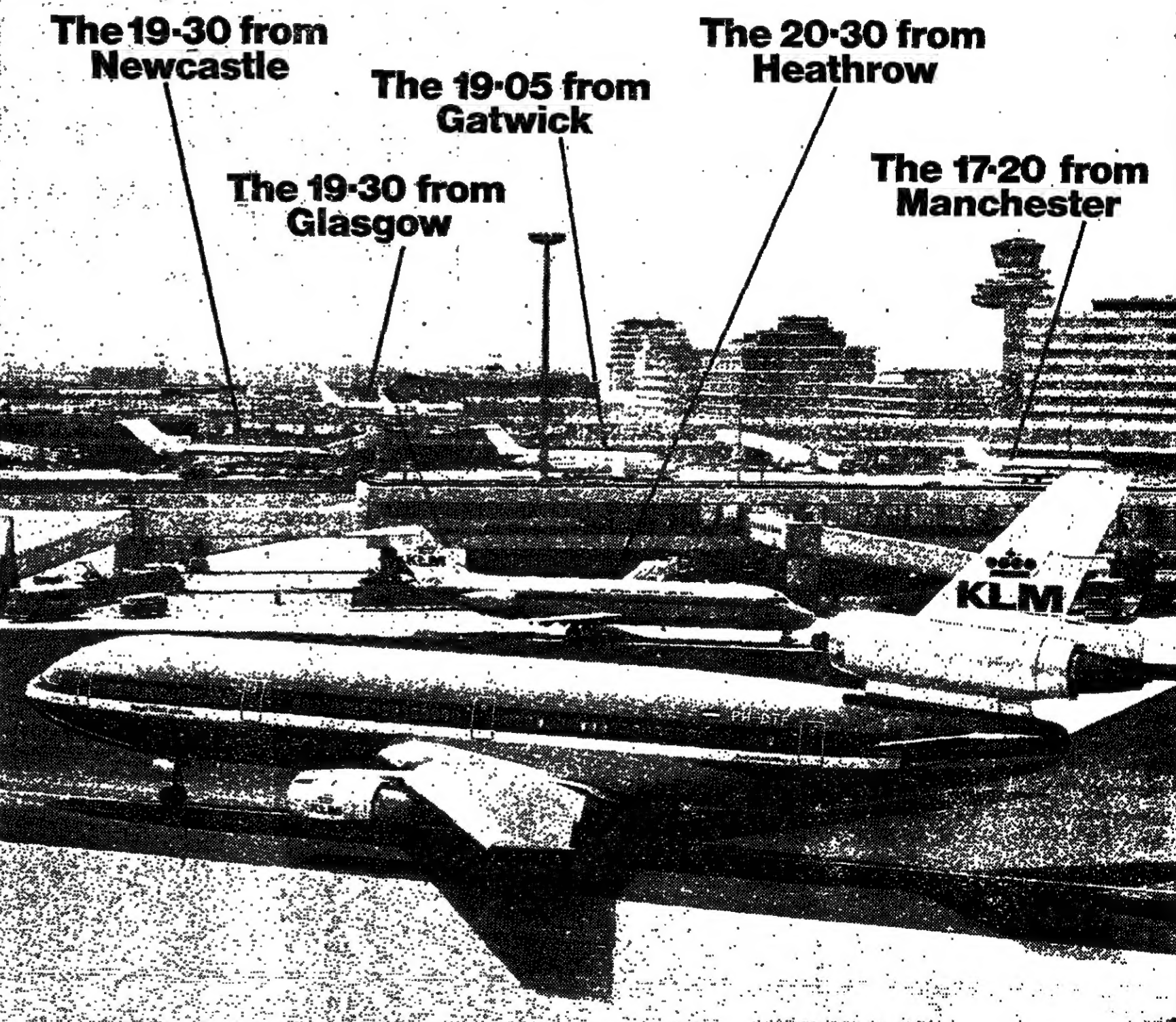
Unless Libya's enemies can penetrate the Armed Forces Col. Khedafi may well continue his coherent and consistent, if naive, beliefs fervently in Arab unity and is discussed as a Zionist, he is firmly committed to the Palestinian cause. None of these is an ideal with which the Libyan people seriously disagree, even if it might challenge the need to preserve their so vigorously Libyans appear to enjoy the fact that their leader has not done anything to further Arab unity. Despite a dedicated two-month initiative in Lebanon by Major Jalloud, the conflict in the Lebanon remains unresolved, the Palestinians are weaker than ever and Israel has gained accordingly.

Col. Khedafi is capable of modifying his ideas—he now admits that he may not see Arab unity within his lifetime. He may now be taking a more moderate line on terrorism (it is perhaps significant that Major Jalloud said on Sunday that under no circumstances would he allow the hijacked KLM airliner to be allowed into Libya). But his stance has so far earned him high standing in the Third World, or, more accurately, depending who is regarding him. It is a sobering thought that, excepting replacement of Col. Khedafi by someone less ambitious, the world may have to accept more of the same from Libya.

Col. Khedafi

to enjoy the country's oil revenues, which have effectively filtered down to the population remarkably evenly, and leave the hard work to an army of Egyptian, Tunisian and Sudanese workers, whose number may, including families, be as high as 400,000.

Even the country's 11,000 or so university students, though frequently at loggerheads with the Government, are hardly a political threat. Lavishly subsidised, they appear to concentrate their energies more on obtaining concessions on the campus than political change in the state. According to one authoritative report, 13 students were killed and 50 injured at a University of Benghazi in Janu-



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## HOME NEWS

## Rolls would work with U.S. group on engines

BY MICHAEL DONNE, AEROSPACE CORRESPONDENT

ROLLS-ROYCE (1971) is prepared to collaborate with Pratt & Whitney of the U.S. on both types of engine likely to be needed for the next generation of medium-range civil airliners. These are the Pratt & Whitney JT-10D of about 28,000 lb thrust and the new lower-thrust version of the Rolls-Royce RB-211, the so-called Dash 535, about 30,000 lb thrust.

Sir Kenneth Keith, chairman of Rolls-Royce, said at Farnborough yesterday before he left for talks with airlines and aerospace manufacturers in the U.S. that he was convinced that the uncertain situation in world airliner markets would resolve itself in a few months and that big orders would emerge for the new generation of aircraft.

He was determined to see Rolls-Royce get its share of these markets, and for that reason was prepared to join forces with Pratt & Whitney on whichever engine was likely to be chosen by the airlines.

The choice of engine would be dictated by the airlines according to the size and type of air liner they wanted to buy. Boeing

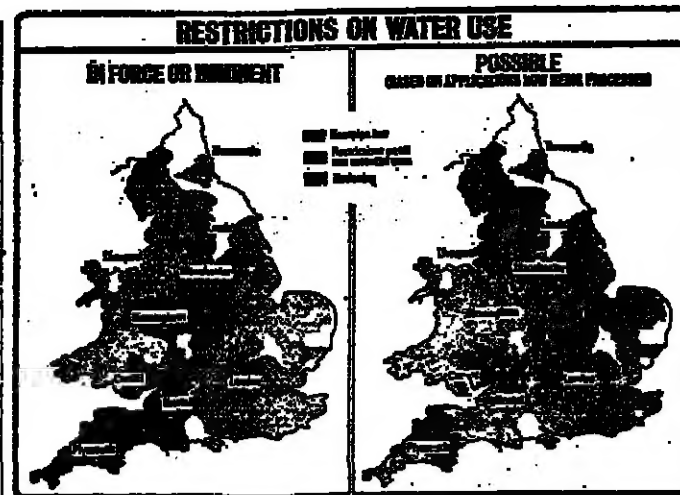
of the U.S. would be the leading manufacturer meeting those world market requirements.

Boeing is already offering two new aircraft, the 747-200, a medium-range and 747-300, a long-range, which together would provide the airlines with a wide range of options covering almost every kind of range and payload requirements.

Sir Kenneth said that after meetings at Farnborough with Mr. Bruce Torelli, president of Pratt & Whitney, and Mr. Harry Gray, president of Pratt & Whitney's parent company United Technologies Corporation, the way had been cleared for full collaboration on all aspects of the JT-10D.

This would be undertaken initially on Rolls-Royce's own cash resources, until the situation had been clarified and airline orders came in. Then Rolls would probably have to go to the Government through the National Enterprise Board to seek cash for continued work on either of its main engine programmes.

Full cost of collaboration on the JT-10D would probably eventually be about £200m, and



As weather experts forecast a break in the generally warm and dry spell, the Department of the Environment yesterday issued maps illustrating the powers secured by the regional water authorities under the Drought Act and the further powers they are seeking.

At the same time, Mr. Denis Howell, the Drought Minister, made it clear that contingency plans for the transfer of water, both in the immediate future and next year, were being hurried through. Without above-average rainfall this winter the crisis would continue in 1977, he said.

## Banks lend £25m. for Nypro plant

BY RHYTH DAVID, CHEMICALS CORRESPONDENT

A £25m. FINANCING scheme to help with the cost of rebuilding the devastated Nypro (U.K.) caprolactam plant at Flixton, Lincolnshire, has been put together by Barclays and Lloyds banks.

They are each making a £10m. medium term loan together, with a £5m. overdraft facility to towards the £35m. total cost of reconstruction.

Repayment on the medium term loans is being deferred for five years until the new plant, which has a design capacity of 65,000 tonnes, should be completed by October next year. This is likely to be followed by a commissioning period lasting several months.

It is hoped that when all bottlenecks have been removed the plant will be able to build up to a 70,000 tonnes a year potential capacity, the same as the original plant.

The two U.K. fibre manufacturers, dependent on caprolactam for the manufacture of nylon 66—Courtaulds and British Bakelite—have both had to rely on imports since the explosion, but the very serious world shortage of the material which was expected after the loss of the Nypro capacity has been largely averted as a result of the severe textile recession and drop in nylon demand.

Another major producer of caprolactam, BASF, the German chemical company, shortly is expected to commission a second plant at Antwerp for the oxidation of cyclohexane.

## Clearer promise wanted on BSC price stability

BY KENNETH GOODING, INDUSTRIAL CORRESPONDENT

MAJOR STEEL users are to press the British Steel Corporation to give further assurances in connection with its tentative promise that prices will not be raised for at least six months after the latest increases next month.

At a meeting of the British Iron and Steel Consumers' Council yesterday it became clear that the users were disappointed about the way the corporation had reacted to their pleas for more price stability.

When announcing last week that the prices of about two-thirds of its domestic output were to be raised by an average of 10 per cent, from October 3, the BSC promised to hold prices at the new levels for six months, "as long as production costs show no further increases beyond those already anticipated."

Some of the big steel users feel this leaves the corporation with so much room to manoeuvre that the promise is worthless.

The BSC has arranged a meeting with Mr. Bob Scholey, BSC's chief executive, and will attempt to persuade him that something more concrete in the way of assurances is required.

The steel price increases next month will be the fourth major round of changes imposed by the corporation this year.

The consumers complain they have difficulty in passing on to customers frequent steel price increases, not only because of the delay involved in getting an application past the Price Commission, but also because of the considerable administrative problems involved in changing prices.

Some of the consumers at yesterday's meeting pointed out that the price of steel from the BSC would, after the latest increases, be in about the middle range charged by Continental producers.

At this level they could expect to lose the advantage they have been gaining from the fall in the value of the pound against other currencies.

## State shipping group HQ delay 'hampering progress'

BY JOHN WYLES, SHIPPING CORRESPONDENT

THE GOVERNMENT'S delay in deciding where the headquarters of British Shipbuilders will be located is starting to hamper progress in setting up the new State corporation.

Members of the British Shipbuilders' organising committee are becoming increasingly angry and frustrated at the lack of a decision. They claim that it is making staff recruitment more difficult and hindering the smooth creation of the new organisation.

Mr. Eric Varley, the Secretary for Industry, had been expected to announce a site at about the time of the Shipbuilding and Aerospace Nationalisation Bill's second reading in the Commons in July.

Merseyside and Tyne-side have emerged as the two areas competing for the headquarters, the establishment of which is expected to create about 75 to 100 jobs.

The lack of an announcement raises suspicions that political factors may be becoming more important than the various advantages offered by each area.

The organising committee is believed to have recommended Merseyside, recognising the Government's commitment to locate the organisation in a development area and believing that it is better placed for international and inter-Britain travel.

Most members of the committee would nonetheless prefer to be based in London because it is one of the world's leading shipping capitals.

## Carpet group may spend £3m. on new machinery

BY RHYTH DAVID, TEXTILES CORRESPONDENT

CARPETS INTERNATIONAL, Britain's biggest carpet group, is to make a major bid for a bigger share of the U.K. printed tufted carpet market with the installation of new Austrian equipment at a cost of about £3m.

The company is to install shortly a £600,000 prototype of a new Peter Zimmer carpet printing machine. If trials prove successful, it hopes to have running within the next 18 months a much bigger machine costing between £2m. and £3m.

Carpets International, which yesterday reported that its turnover for the first six months of 1976 was up 14 per cent at £47.2m., is one of several companies equipping with more sophisticated printing machinery despite massive over-capacity in tufted printing in the U.K.

The moves are being made because it is hoped that new technology it will be possible to escape from the crowded market of the printed carpet, and at the same time take advantage of the decline in market share of wovens.

Woven carpets—such as traditional Axminster and Wiltons—now account for less than one-third of the U.K. market and a further decline is expected partly as a result of the diminished spending power of consumers.

As a result, considerable effort has been put into producing a quality printed carpet which will retail at prices just below woven carpets at about £8-25 a square yard.

## LABOUR STRATEGY 'BLOWN OFF COURSE'

## Seamen climbed down in 1966 after striking for 45 days

BY DAVID CHURCHILL, LABOUR STAFF

TEN YEARS AGO, on May 15, 1966, the National Union of Seamen started a major confrontation with the employers and Government in a strike which lasted 45 days, and effectively ruined the then Labour Government's economic strategy.

The dispute ten years ago was, as now, basically over improved pay for seamen. The NUS's strike in 1966 was for a 40-hour working week, which would have effectively meant a pay rise of some 17 per cent.

This was rejected by the employers on the grounds that the industry could not afford it and also that, in 1965, the seamen had received a 13 per cent increase to compensate for the long hours spent at sea.

The seamen refused to listen to appeals from Sir Harold Wilson, then Prime Minister, and Mr. Roy Jenkins, Minister of Labour, who urged the union to settle within the guidelines of the voluntary incomes policy the Government was trying to introduce.

The proposal was to let Mr. Wilson's Prices and Incomes Board "vet" any increase within fairly flexible guidelines. But the seamen refused.

After just after the sixth week of the strike, Sir Harold launched a bitter attack on the "tightly knit group of politi-

cally motivated men," who he said were trying to gain control of the union.

This attack enabled moderates on the union's executive to agree a peace settlement—effectively a climb-down with little of the original claim achieved—and within a few days, on June 30, 1966, the strike was at an end.

The immediate consequence was felt the following month when Sir Harold was forced to introduce his "July measures" which included a total freeze on all wage rises.

It was inevitable that the 1966 strike would become a long-drawn-out affair. The seamen took strike action when they returned to a U.K. port and since most ships were at sea, the effects of the strike progressively worsened.

The effect on the public also took some time to materialise because of high stocks of most food, fuel and raw materials. But congestion in the ports made it difficult to get exports out on non-manned ships and this quickly affected industries such as motor cars.

However, less damage was done to actual industrial production during the 45-day strike than was feared, according to a CBI survey. Few firms were forced to cut production to any marked extent.

By stockpiling, switching exports to air-craft and showing considerable ingenuity, they succeeded in minimising the effects of the dispute.

But the CBI survey found that the strike had lasted only short while longer than the shut-down in industry would have increased rapidly.

One of the most serious aspects of the strike was that nearly one in 10 of all exporters in the CBI survey believed the overseas business had been permanently damaged.

In the main, it turned out that it was the smaller firms, employing up to 200 people, who feared permanent damage to exports which were hardest hit were those from groups classed under the headings of cultural machinery, scientific instruments, motor vehicle drink and tobacco and some textiles.

The arithmetic of the final settlement to the dispute was as follows: the union's productivity increases over subsequent two years, but it did little to settle the seamen's grievances about poor working conditions—grievances which still remain.

In spite of the prophecies of doom at the beginning of the strike, everyday life was not seriously affected and the Government was not forced to use the Armed Forces to maintain transport.

The real cost of the strike to the Government's economic strategy which, in Sir Harold's words, was "blown off course"

## Television 'distorts industrial news'

By Michael Thompson-Noel

BRITISH television news bulletins convey a distorted picture of industrial life in the U.K., according to a book, "The Media and the Industrial Revolution," by the Glasgow University Media Group, published today.

The authors say that their findings "suggest that cultural skewedness, bias of omission and editorialising are a more prevalent feature of television news broadcasting" than they would have hoped for.

The £35,000 study, funded by the Social Sciences Research Council, covered the first six months of 1975 when the group monitored, videotaped and analysed all news bulletins on all three TV channels.

According to the group: "Fifty per cent of all industrial stories in the bulletins concerned just three industries—transport and communication, public administration, and, overwhelmingly, vehicle building. The 2.1 per cent of Britain's work force who make vehicles got 24.4 per cent of television general industrial coverage."

The authors claim that shipbuilding and engineering, with a high incidence of strikes, received negligible coverage, while mining, construction and chemicals received no coverage at all. "Of the 20 principal disputes (those singled out by the Government as being particularly significant for the economy), nine were never mentioned."

In particular, the group says, it studied the television coverage of the British Leyland engine tuners' strike at Cowley. Here, the Prime Minister's speech on January 3 referring to manifestly avoidable stoppages caused by management and labour was transformed in 29 later references applying to the work-force alone.

BBC1, says the group, made 22 references to Leyland's "strike problem," five to "management failings" and one to the company's investment pattern. On ITN there were 33 references to strikes, while management and none to investment.

The group says that for ostensibly competing services, the news coverage of the BBC and ITN showed an overwhelming similarity.

Bad News Glasgow University Media Group, Routledge and Kegan Paul, £5.95.

## Continental company finance risks 'higher'

BY MICHAEL BLANDEN

THE RISK of company finance has increased in Europe in recent years, while further problems ahead include the difficulty of arranging large-scale project finance, Mr. Helmut Haugen, managing director of the Dresdner Bank, said yesterday.

In a paper presented to the Institute of Bankers' Cambridge seminar on "The Bank and Industry," Mr. Haugen outlined a number of weaknesses in the structure of company finance in Europe.

His comments are particularly important, coming as they do in the wake of the Labour Party National Executive Committee's paper on bank nationalisation, which draws heavily on the example of the Continental countries to illustrate the faults it sees in the U.K. system.

Mr. Haugen maintained that the relatively higher level of gearing of German and French companies compared with their British counterparts could be interpreted as a weakness rather than a source of strength.

In particular, because of their relatively high equity ratios, U.K. companies were far better off in terms of their ability to cover their financial obligations out of their cash flow.

The risk of company finance, he concluded, had increased in recent years in Europe, using the earning power of the companies as a yardstick—and the earning power is the essential and basic source of company finance.

Other weaknesses he identified in the Continental systems included the absence of fixed interest issues by industrial borrowers, the prevalence of small and medium-sized companies in obtaining adequate financial assistance—both problems familiar in the U.K. context.

Looking ahead to future developments, Mr. Haugen indicated that a serious problem arose from the increasing fiscal risk resulting from squeeze on corporate profits.

Linked with the question of profitability were the issues of inflation and the problems of inflation accounting was being met by neither the Government (tax purposes) nor by shareholders (for dividends) adjustments to company figures were mainly cosmetic.

Finally, he argued that means—including putting a life into industrial bonds—needed to be found to supply the funds needed for large-scale projects.

Cluster co-operation between financial institutions—a industry was urged by the Bank of England's deputy governor yesterday.

Sir Jasper Hollom, who is opening the new £500,000 Per cell factory at Tonbridge, Kent, said there was a "tendency" for finance and industry to be far apart.

"I think there should be closer and more intimate relationship. It is very important for us to keep as close as can to industry."

## Government rejects GLC dearer home loans plan

BY MICHAEL CASSELL, BUILDING CORRESPONDENT

THE DEPARTMENT of the Environment has turned down a proposal by the Greater London Council for local authorities to lend money for home loans at the same interest rates charged by building societies.

Students' union tests without proper supervision in breach of Home Office regulations.

The DoE also pointed out that the earmarking of loans for particular services such as housing would lead to pressure for similar treatment for funding other local authority services.

Mr. Serge Louche, vice-chairman of the GLC Finance Board, commented: "This is disappointing news for the Council. We have to lend at 12 1/2 per cent compared to the 10 1/2 per cent building societies, which seem very unattractive."

"Building societies, and people who lend them most benefit from a subsidy in the form of tax concessions. However, the Government has not allowed a subsidy must be given by the State, which subject comes within the ambit of the current housing grant review and we hope that will be too long."

## 40% car imports—a year ago

BY TERRY DODSWORTH, MOTOR INDUSTRY CORRESPONDENT

THE ALARM caused by the flood of car imports into the U.K. last month was found to be belated yesterday after amended figures showed that imports, unbeknown to the British industry, achieved the 40 per cent penetration mark a year ago.

New and detailed figures from the Society of Motor Manufacturers and Traders showed that imports were slightly higher in August, 1975 than they were this year—40.56 per cent, as against 40.44 per cent.

The confusion has been caused by the failure to record sales of Ford Ghia models last year as imports. At that time Ford

complained about the expense of isolating the figures for the Ghia, produced in Germany, and it is only this year that it has been identified as imports.

However, there has also been a retrospective analysis of last year's figures, and this has added virtually a percentage point to the total for last August, pushing it above this year's August figure, and therefore to the highest import penetration figure ever achieved.

Over 1976 so far overall, however, imports are still substantially higher than they were last

U.K. CAR REGISTRATIONS		8 months ended August	
	1975	1976	%
British Leyland	54,661	25,755	25.75
Ford	37,533	20,822	20.82
Vauxhall	14,849	8,117	11.14
Chrysler	11,815	6,501	11.73
Total British	108,205	59,596	59.41
Datsun	11,736	6,446	9.67
Renault	9,018	4,966	6.16
VW/Audi	6,412	3,531	4.72
Fiat	6,371	3,511	4.59
Total Imports	73,483	40,444	40.56
Grand total	171,688	100,000	100.00

not expected to lift back to last year's levels before the end of the year because of model changes over the last six months. Its weekly average rate was running at 4,559 cars up to the end of July as against 4,556 last year. Ford's weekly rate has gone up the most dramatically, rising from 5,525 in the first seven months of last year to 8,572 this year. Vauxhall production was also up in the same period from 1,861 cars a week last year to 1,984 at the end of July.

## Output up—but not at Chrysler

BY TERRY DODSWORTH

BRITISH CAR production has risen substantially this year, with only Chrysler from among the big four manufacturers producing fewer cars in the first seven months than in 1975.

These figures, issued by the Society of Motor Manufacturers and Traders yesterday, support British Leyland's claim that it has increased both output and productivity this year. But they also show that the company is still falling well short of its

weekly production target of 22,000 cars a week.

In the January to July period, the company's production ran at a weekly average rate of 13,245, against 12,023 last year, with a fall in July, the summer holiday month, to 10,842 against 6,468. During this period, Leyland's workforce in the Car group has been up to 25,000 lower than last year, although its numbers have begun to creep up again.

Chrysler's production rate was

Chrysler's production rate was

Chrysler's production rate was

Chrysler's production rate was

Chrysler's production rate was

Chrysler's production rate was



# The people who tried to stop Concorde didn't think of this.

One of the biggest problems with Concorde was not how to get it going but how to stop it.

185 tons at 250 mph takes a lot of stopping.

Conventional multi-disc steel brakes are fine for conventional aircraft but on Concorde the problem was to design a brake that would withstand the tremendous heat generated and still keep within the size and weight limitations demanded by the aircraft's designers.

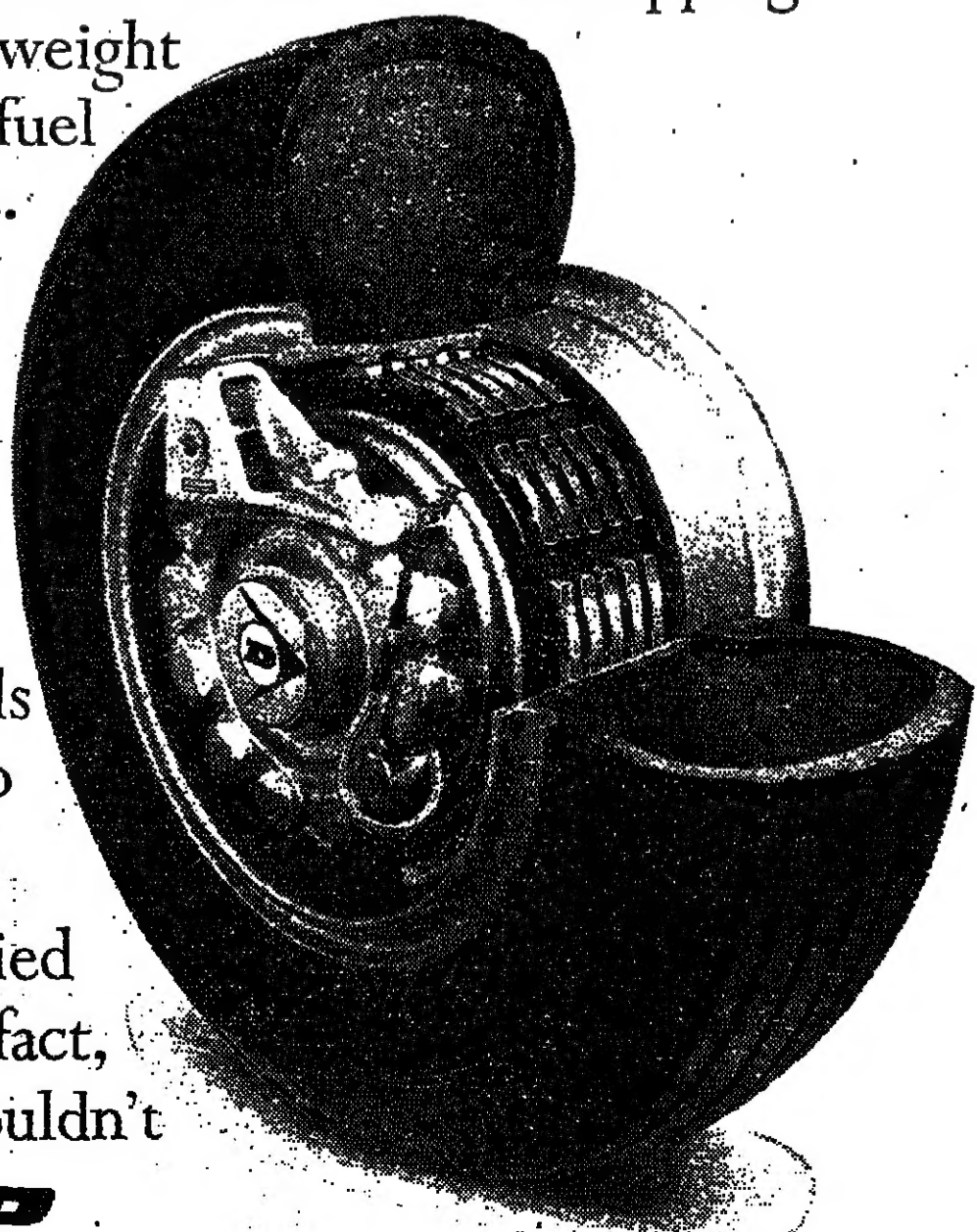
After 7 years of development, Dunlop was the only company to come up with the right answer—a carbon/carbon composite with twice the stopping power and half the weight of steel brakes. The weight saving (equivalent to 8 passengers) means more fuel can be carried, giving Concorde a greater range.

The new composite is so durable that the continuous testing to date has so far failed to burn out a single brake.

In addition to the brakes, Dunlop also produce most of the rubber seals used in Concorde. No small achievement when the seals have to withstand temperatures from  $-65^{\circ}\text{C}$  to  $150^{\circ}\text{C}$  and pressures of 4,000 p.s.i.

Top specialist firms around the world tried to stop Concorde. Only Dunlop succeeded. In fact, if it wasn't for the Dunlop brake, Concorde wouldn't be in service today.

 **DUNLOP**





## TUC BRIGHTON '76

## Congress shows caution on wages

BY ALAN PIKE, LABOUR STAFF

CONGRESS yesterday completed a lengthy programme of business devoted largely to economic affairs in an atmosphere of having been upstaged on its big day.

In the conference hall, the only threat to the tranquillity of the Government-TUC pay policy came from the comparatively little known Furniture, Timber and Allied Trades Union, which wanted Congress to oppose the continuation of wage restraint "in any form" once Phase 2 expires next summer.

This was overwhelmingly rejected by delegates in favour of a long composite motion calling much more cautiously for the beginning of a planned return to free collective bargaining in 1977, subject to a list of priorities designed to avoid a "wages free-for-all".

While the debate was in progress, however, the executive of the National Union of Seamen was mounting an infinitely more serious threat to the pay policy than any words at Brighton with its decision to call a national strike. The implications of this will be considered by the

TUC General Council before to-day's session of Congress.

Mr. Len Murray, general secretary, opened the economic debate yesterday with a warning that voluntary collective bargaining could not be the "last stronghold of free enterprise," and reminded the trade union movement of its duty to bring justice to weaker groups in the community.

Concern on social issues emerged later in a debate on public expenditure cuts, which took place as part of the general discussion on the economy, with leaders of public sector unions anxious to stress that cuts were an issue of national importance and not merely one affecting the employment of their members.

By another almost unanimous majority, delegates pledged support to affiliated organisations fighting the cuts, and called upon the Government to consult unions where cuts are proposed.

Three other motions were endorsed by Congress as part of the economic debate. One describing the present level of unemployment as "totally unacceptable" and listing the TUC's

demands for economic measures, including extensions of public ownership, more funds for the National Enterprise Board and increased taxation for those in higher income brackets, moved forcefully by Mr. Hugh Scanlon, was adopted overwhelmingly.

The two others—one calling for a campaign to achieve the 35-hour week and the other for the urgent introduction of selective import controls—received unanimous support.

Congress also considered the topic of worker participation on which there are differences of opinion among unions about the best way of proceeding. Three of the four biggest unions, the Amalgamated Union of Engineering Workers, the General and Municipal Workers, and the Electricians, do not favour the formal TUC line, though they are not united on a single alternative.

Demonstrators, including members of the Right to Work campaign, again protested outside the conference hall yesterday, and Congress was briefly adjourned during the afternoon when three men began shouting from the public gallery.

## Parity on policy Boards demand approved

BY IAN HARGREAVES, LABOUR STAFF

SUPPORT FOR the principle of parity representation for trade unionists on policy Boards of both private and public sector companies came from Congress yesterday.

Attempts by the Amalgamated Union of Engineering Workers to draw a distinction between public and private sectors, and by the General and Municipal Workers Union to widen the options on types of legally backed worker participation, were defeated.

A resolution from the Electrical and Plumbing Trades Union, apparently hostile to the General Council's commitment to 50-50 Boards, was also carried by a narrow majority after Mr. Len Murray, for the General Council,

had noted that its terms were unexceptionable.

Mr. Murray, moving the General Council's supplementary evidence to the Bullock committee of inquiry into industrial democracy in the private sector, outlined the principle of parity representation and said he expected legislation on the matter in the 1976-77 session of Parliament.

The general council was insisting that worker directors should be elected through their trade union and be accountable to their fellow members.

It was a question of integrating power and responsibility. "We are prepared to accept our share of responsibility for joint decisions—as we do in respect of

collective agreements now," he said. The unions would not, however, be forced to take seats on Boards.

Turning to the distinction drawn by the engineering workers between the public and private sectors, Mr. Murray said: "How can we say that workers in British Leyland (now publicly owned) should have the right to parity Board level representation but that Chrysler workers should not? Such distinctions will become more and more meaningless as public ownership is increasingly extended into profitable areas of manufacturing industry through the National Enterprise Board."

Mr. Dave Bowman, president of the National Union of Railwaysmen proposing a resolution backing the General Council, said it was time to move from theory to practice on worker directors. He was convinced that workers would be more, not less responsible, than the existing members of company Boards.

He acknowledged, however, that in multi-union sectors, such as the railways, there would be disagreement on how many seats each union should have. It was up to the TUC to resolve this kind of difficulty.

Mr. John Forrester, deputy general secretary of the technical and supervisory section of the AUEW, said that failure to see a distinction between Leyland and Chrysler was to express the belief that Chrysler should never be brought into public ownership.

To collaborate on Boards with shareholders and directors of private companies was "a diversion from the main purpose of the trade union movement," and was in effect to "administer capitalism." It was healthier in the private sector to concentrate on extending collective bargaining.

Mr. John Boyd, general secretary of the AUEW, argued that it was crucial to distinguish between workers in nationalised industries who were, in effect, shareholders in their own corporation and those who were merely employees of a profit-conscious private business. Trade unionists could not remain free and independent if they joined private company Boards.

The NUR's General Council resolution was adopted overwhelmingly in spite of votes against from AUEW, GMAW and EPTU delegates. The AUEW amendment was heavily defeated. The EPTU motion was carried by a small majority, but without a card vote.

## Murray seeks 'orderly' return to collective bargaining

BY ALAN PIKE AND IAN HARGREAVES

VOLUNTARY COLLECTIVE bargaining cannot be the "last stronghold of free enterprise" with market forces the sole determinant, Mr. Len Murray, general secretary, told delegates at the opening of the economic debate.

In a significant section of his speech, he looked forward to next year when the TUC will be seeking the start of a planned return to free collective bargaining and said: "The trade union movement has historically accepted the need to supplement the working of collective bargaining by taxation, by social security, by subsidies, and by agreement on the priorities in helping particular groups within society."

"So, in talking of the restoration of voluntary collective bargaining, do not let us deny the broader interests of the movement in bringing justice to weaker groups in the community. The move next year towards a more flexible system must not be a lurch into instability but an orderly process. Otherwise, we shall cast away all that we have gained."

The last three years, said Mr. Murray, had seen a "remarkable and unprecedented venture" in democratic Government with the involvement of the trade union movement in shaping national



MR. LEN MURRAY  
Appalled by unemployment figures.

economic and social policy. Turning to unemployment, he admitted: "Frankly we were appalled by the August unemployment figures. They were

much higher than we had expected. We knew it would take time to get the unemployment figures down. How much time was arguable, and we have been having an argument with the Government."

The Government appreciated that a reduction in unemployment was a central part of the social contract. There was no easy way of achieving this and it would certainly not come by the "ranting and vituperation of Trotskyist political boot-boys who represent no-one but themselves."

The only way was through economic expansion. But expansion based solely on consumer demand was the "primrose path" to expensive imports. To reduce unemployment to 3 per cent. by 1979, total output must grow 5 per cent. a year over the next three years and manufacturing output by 8 per cent.

If the TUC criticised the Government, it was within the framework of a shared determination to continue co-operation in solving the nation's economic problems. It was as wrong for the trade union movement to use the whitewash brush on its own record as the 'tar brush on the Government's. There were still strikes which profited nobody and should not take place.

Turning to the immediate

problem, Mr. Murray said inflation still cast a dark shadow and it could not be assumed there would be nothing to worry about after next July. "We must ensure that the restoration of the process of collective bargaining, which all of us want, does

Photographs by  
Terry Kirk

not plunge us back into the whirlpool of wage-price inflation."

It would not be sensible to dogmatise now about the situation next year although the TUC would not go along with any policy that involved either reliance on, or fatalistic resignation to, high levels of unemployment.

Mr. Ben Rubner, of the furniture trades union, moved a motion asking conference to "oppose the continuation of wage restraint in any form and affirm its belief in free collective bargaining."

Mr. Rubner, noting that Mr. Murray had urged Congress to reject the motion, said his union would support the pay policy for the present year but hoped the return to free collective bargaining must come next August.



CONTRASTS IN MOOD: Mr. Hugh Scanlon, above, faces the wrath of "Right to Work" demonstrators outside the conference hall. Inside, a more relaxed atmosphere reflected by Mr. Jack Jones and Mr. Ron Hayward, Labour Party general secretary.



## Social contract loyalty assurance

LORD ALLEN, chairman of the economic committee, proposed a resolution calling for an orderly return to free collective bargaining next August with attention to priorities such as the low-paid and differentials for skills, effort and responsibility.

He emphasised that the motion did not represent a retreat by the trade union movement from its social contract with the Government. The aim was to look ahead and sketch "certain broad lines of development within which bargainers will be able to operate."

It was important that no individual union should break ranks on the terms of the contract either this year or in the future.

Mr. Harry Urwin, the transport workers' deputy general secretary, said the sense of injustice felt by the seamen and some British Leyland workers over the inflexibility of the current pay policy was an indication that its terms must be made less rigid next year.

The deal must be a policy based on free consent, the alternative being a dictatorial

corporate State. "Collective bargaining, like democracy, may not necessarily be the most efficient system of operation, but it is clearly the least dangerous," he said.

Mr. Hugh Scanlon, the engineering workers' president, proposed a more vigorous attack on the "totally unacceptable" level of unemployment. He urged the provision of more resources for training.

He was not calling for the reversal or modification of the Government's economic strategy, simply the development of some new tactics. A vital item would involve control of the export of capital. Trade unionists could make their contribution by refusing large amounts of overtime and eliminating unnecessary disputes.

Mr. David Bassett, general secretary of the GMAW, said that TUC and Labour Party policy on unemployment and investment needed "more urgent application." The social contract had started to defeat inflation. It must now be used to defeat unemployment.

Mr. Moss Evans, national

organiser of the Transport and General Workers' Union, proposed a motion demanding moves to the 35-hour week as a priority measure associated with a reduction in overtime and an end to "moonlighting."

There was evidence, he said, that employers and employees responded to a reduction in the working week by increasing productivity and taking on more labour. He was not presenting

an idealistic dream or a long term goal but a plan for early action.

Seconding, Mr. Ken Gill, general secretary of TASS, Amalgamated Union of Engineering Workers' white collar section, warned delegates: "Make no mistake. We will have to go on the offensive to win the 35-hour week. We will have to use industrial, as well as political action."

A long composite motion supported by seven public sector unions rejecting the concept of cuts as a means of improving the economic situation was carried overwhelmingly.

Mr. Geoffrey Drain, general secretary of the National and Local Government Officers Association, moving the motion, said that the need to oppose the cuts was a wide matter of national interest and not restricted to those who worked in the public sector.

The greatest impact on unemployment, said in fact, be in private industry. In addition, this said Mr. Drain, the issue affected the quality of services public authorities were able to supply. The validity of the social wage and investment in industry.

British industry had to recover but "not on the backs of a public service which is already not fulfilling services." The Labour

movement must not turn aside from its early ideals about the social need for public expenditure.

Mr. Ken Thomas, general secretary of the Civil and Public Services Association, who seconded, told delegates: "Putting civil servants on the dole to join the one and a half million already there is no solution to the country's problem." There was room for serious reservation about whether the social contract was being observed, he said.

Britain was almost at the bottom of the international table for public expenditure in relation to total resources. Many people had now had it firmly fixed in their minds that this expenditure was the cause of all the nation's ills while private investment—and it is being done at this Congress—was being sacrificed as bright and beautiful.

In this atmosphere, is it not likely that there will be more cuts to come? It is no use asking for blind loyalty to a Labour

government on the old boy basis."

Mr. Thomas questioned the argument that money saved in public spending would be used in manufacturing industry.

Mr. Gerry Gillman, general secretary of the Society of Civil and Public Servants, added that the type of person made redundant by cuts would not have the fight skills to help regenerate industry. On the social aspect of the problem, he commented: "A great deal of public expenditure is a measure of a civilised and caring society."

Investment will create 800 jobs

INVESTMENT at Newton Aycliffe, Co. Durham, will create 800 jobs over the next two years, according to a report by Aycliffe Development Corporation.

Some 20 companies have completed negotiations for new factories and extensions on the town's industrial estate and Mr. Dennis Stevenson, Corporation chairman, said Aycliffe would make a significant contribution to the future of the North East.

U.K. debut for big Fiat trucks

THE NEW Fiat range of heavy trucks, launched several months ago on the Continent, is to make its British debut later this month at the Earls Court Commercial Motor Show.

Two vehicles will be on display—a 168hp 16-ton gross two-axle truck for solo operation and a two-axle tractor for articulated work powered by either a 240hp or 330hp engine.

Foundry opened

THE FIRST of two foundries which will provide 80 new jobs was opened at Houghton-le-Spring, Co. Durham, yesterday for Solidus International. The second foundry is due to be opened later this year.

State urged to spend £3m. on union training

AT LEAST £3m. a year should be provided by the Government to assist in the education of trades unionists, said Mr. Clive Jenkins, general secretary of the Association of Scientific, Technical and Managerial Staff.

He was proposing a motion which noted the major extension of trade union involvement in industrial and social decision-making through recent legislation such as the Employment Protection Act.

But, he said, "we have not trained our people enough. I don't doubt that they will have a natural feel for these matters, but that isn't enough."

He contrasted the £400,000 a year provided for trade union education by the British Government with the £18m. set aside for the same purpose by the Swedes. Britain's sum was equivalent to

Heat raises wine sales

THE HEAT wave in June gave a much-needed boost to imported wine sales and helped to make statistics for the first half-year look rosier.

The Wine and Spirit Association, however, in a series of meetings with Ministers, is leaving the Government no room for doubt on the serious implications of the erratic but still

very depressed conditions in Britain's wine market," Mr. John Plooman, deputy chairman, said yesterday.

"These conditions could become grave if the whittled-down level of personal disposable incomes should slash the key pre-Christmas trade in wine in volumes lower than those in 1975."

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Algemene Bank Nederland (Genève) S.A.  
in Geneva;  
Algemene Bank Nederland in der Schweiz AG  
in Zurich.

September 1, 1976.

## Jobless demand right to be heard

BY CHRISTIAN TYLER

RECORD UNEMPLOYMENT and the public expenditure squeeze yesterday provoked one of the biggest and noisiest demonstrations ever seen at the TUC's annual Congress.

An estimated 2,000 people gathered outside the Dome conference hall in Brighton, chanting their anger at the TUC's determination to continue its social contract alliance with the Government.

Police guarded all entrances to the hall, but three of the Trotskyist-led "Right to Work" marchers managed to secure tickets to the gallery. They jumped to their feet during the important debate on the economy and shouted for the right to be heard.

Mr. Cyril Plant, TUC president, suspended the debate for several minutes as the demonstrators were peacefully ejected and led away by Mr. Norman Willis, assistant general secretary of the TUC.

One of the demonstrators, Mr. Tommy Douras, an unemployed building worker from Liverpool,

said afterwards: "We are the unemployed and we have the right to speak."

The TUC has refused the "Right to Work" campaign permission to send a representative into the hall.

Delegates, leaving for lunch were greeted by a sea of banners and a barrage of slogans as they made their way down narrow aisles lined by policemen.

Most of the well-known TUC faces left a side door, and the demonstration passed off without reported incident—although Mr. Hugh Scanlon, president of the Engineers' Union, was seen to be pursued by some of the demonstrators.

The demonstration was made up mainly of a rally by the National Union of Public Employees, whose general secretary, Mr. Alan Fisher, was noisily heckled when he delivered impromptu speeches defending TUC policy, and by the "Right to Work" campaign, whose 550 marchers, mainly teenagers, arrived from London to demonstrate outside the hall on Tuesday.

Heat raises wine sales

THE HEAT wave in June gave a much-needed boost to imported wine sales and helped to make statistics for the first half-year look rosier.

The Wine and Spirit Association, however, in a series of meetings with Ministers, is leaving the Government no room for doubt on the serious implications of the erratic but still

very depressed conditions in Britain's wine market," Mr. John Plooman, deputy chairman, said yesterday.

"These conditions could become grave if the whittled-down level of personal disposable incomes should slash the key pre-Christmas trade in wine in volumes lower than those in 1975."

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# Five simple ways to achieve relaxation. One of them flies to New York every day.

## EXERCISE 1.

### Sideways stretching.

Feet placed comfortably apart. Breathe in and bring stretched arms up to the sides. Breathe out and slowly stretch over to one side.

Slide one hand down the leg as far as it will go. While the other stays in the air.

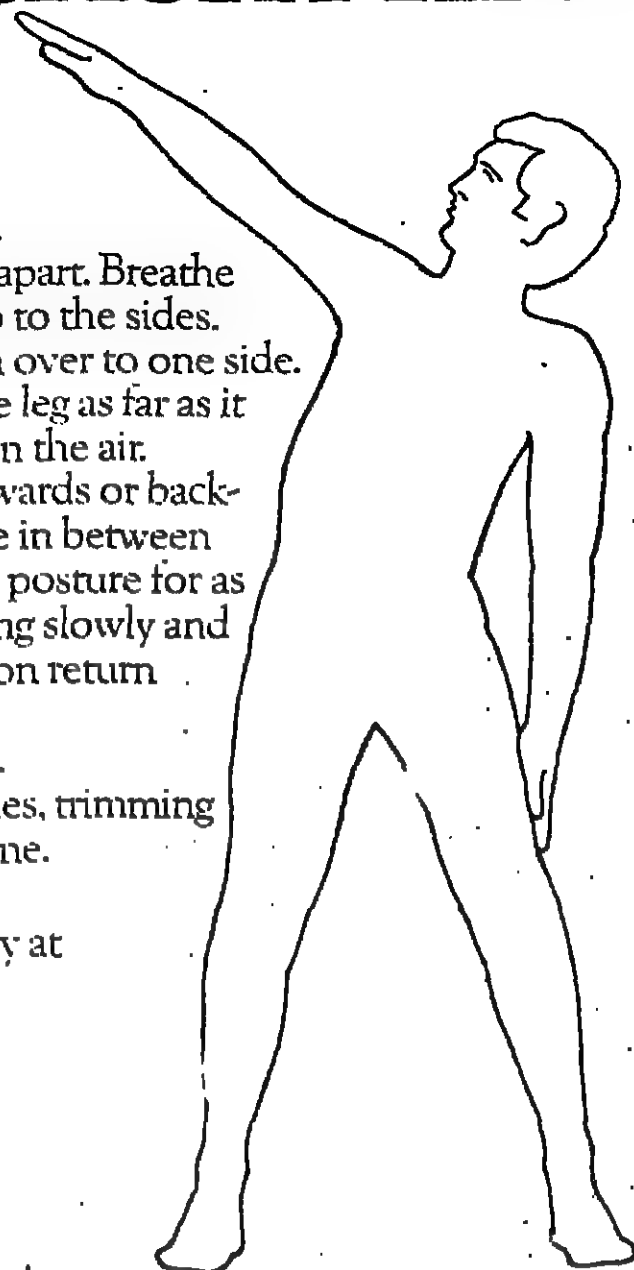
Take care not to lean forwards or backwards but imagine that you are in between two panes of glass. Stay in this posture for as long as is comfortable, breathing slowly and steadily. Gently on an inhalation return to upright position.

Repeat on the other side.

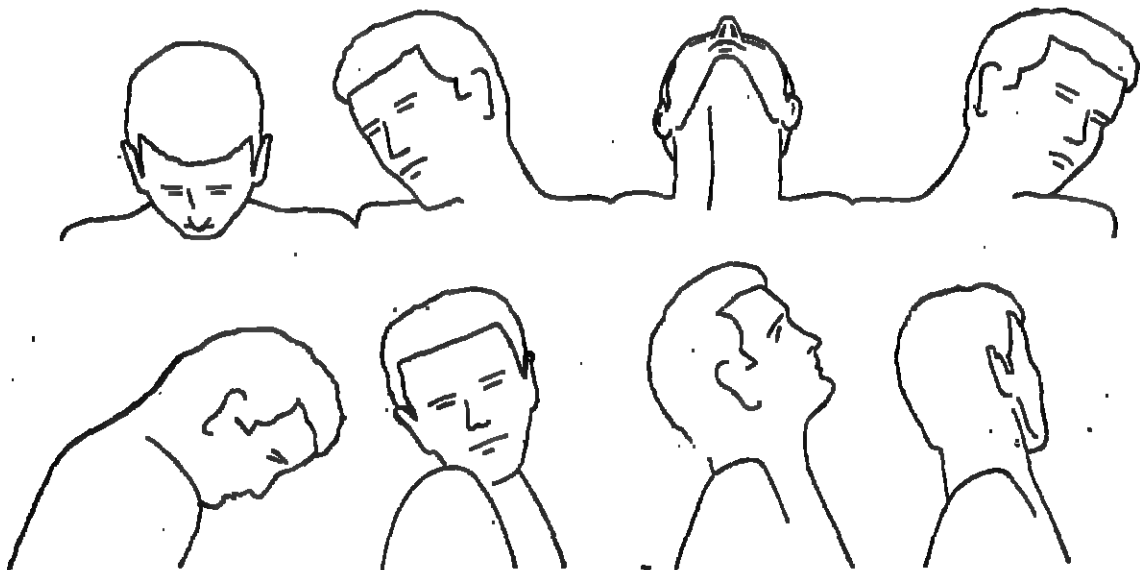
Stretches waistline muscles, trimming them. Brings suppleness to spine.

Strengthens legs.

Try it after a strenuous day at the office.



## EXERCISE 2.



### Circling the Head.

Loosens the tensions in the neck, back and shoulders.

Sitting in an easy cross-legged position, or on any chair or stool, ensure the freedom of movement of the back and head. Drop the head forward and completely relax the neck. Moving from the waist, using the whole upper part of the body, let the head roll in a circle. Do not push it around but rather let it loll. In doing this the head moves completely freely and eases one of the worst tension spots we have. Circle from three to five times continuously in one direction, then repeat the other way. Remember to keep the jaw relaxed; yawning, sighing and deep breathing will all help. This exercise is usually noisy and painful to start with, but done for a few minutes daily quickly becomes a very pleasant way to relax.

Try this at your desk in the office between meetings.

## EXERCISE 3.



### The Cobra.

Strengthens and straightens the back and spine. Excellent for stretching the neck, chest and stomach areas as well as thighs. Affects the Adrenal Glands and massages vital organs. Helps correct menstrual disorders and tones up the sex glands.

Lie flat on the stomach with the face downwards, putting the forehead on the floor. Place the hands palms down comfortably parallel with the shoulders. Lifting the head up and back as far as possible, inhale and, using the back muscles, pull up the shoulders and upper part of the body. Finally, using the hands, push up and back, keeping the pelvis on the floor to ensure proper positioning of the spine. Breathe out holding the posture for a couple of seconds then slowly lower, reversing the process and bringing the forehead to rest on the floor.

Repeat three times. Try this in the morning, it's probably more refreshing than a glass of orange.

## EXERCISE 4.

### Shoulder Stand.

The inverted postures are an extremely important part of the Yoga session. Their beneficial effects are numerous and widespread. They can help you regain youthfulness and delay wrinkles, clear and revitalise the complexion, improve eyesight, stimulate hair growth, cure insomnia by calming the nerves.

These effects are caused by reversing the pull of gravity which causes sagging of tissues and displacement of vital organs, and by putting pressure on the Thyroid and Para Thyroid glands, which are the master glands of the whole Endocrinal gland system that keeps us balanced mentally, emotionally and physically. Also by sending an extra supply of blood to the head and upper part of the body it cleanses and revitalises. It helps to stretch the spinal cord and feeds and massages the spinal nerves.

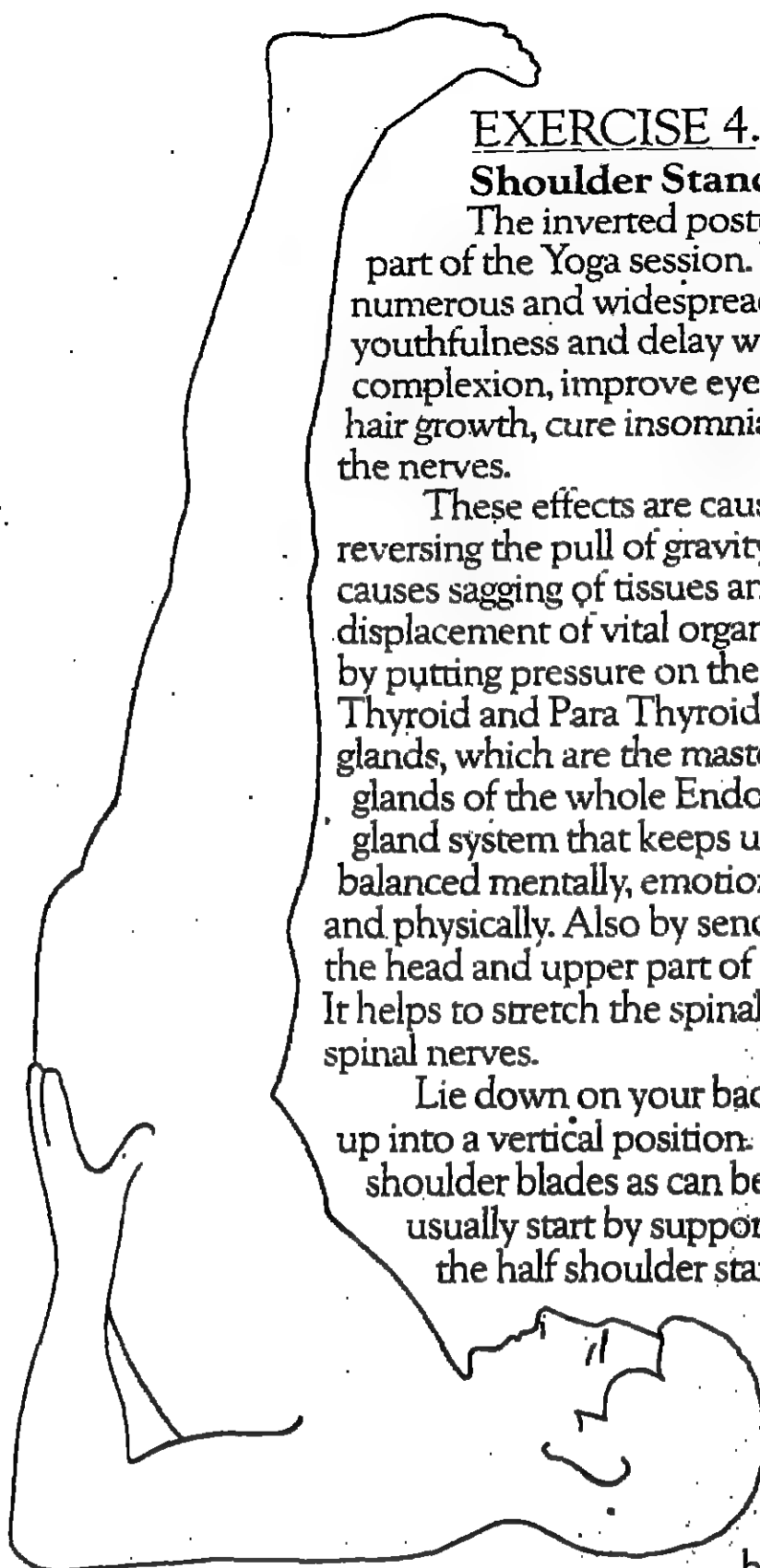
Lie down on your back and slowly lift the legs and body up into a vertical position. Place the hands as near to the shoulder blades as can be managed comfortably. Beginners usually start by supporting the hips or waist, known as the half shoulder stand.

With practice they are able to get into a straight line from the shoulders up. The chin is pressed closely into the chest, thus putting pressure on the Thyroid. Close the eyes and breath deeply using the stomach.

Stay in this position only as long as comfortable. A lot of beginners find this a painful posture, and indeed, some cannot get into the half shoulder stand. Remember, do not push yourself into painful positions; with a little patience and a relaxed attitude of determination it soon becomes easy.

Try this in your hotel room after a long day on the road.

N.B. This exercise should not be attempted during a menstrual period or if you suffer from heart disease.



Use of this simplified position alleviates strain on neck and chest, is very relaxing and beneficial.

## EXERCISE 5.

### Crossing the Atlantic.

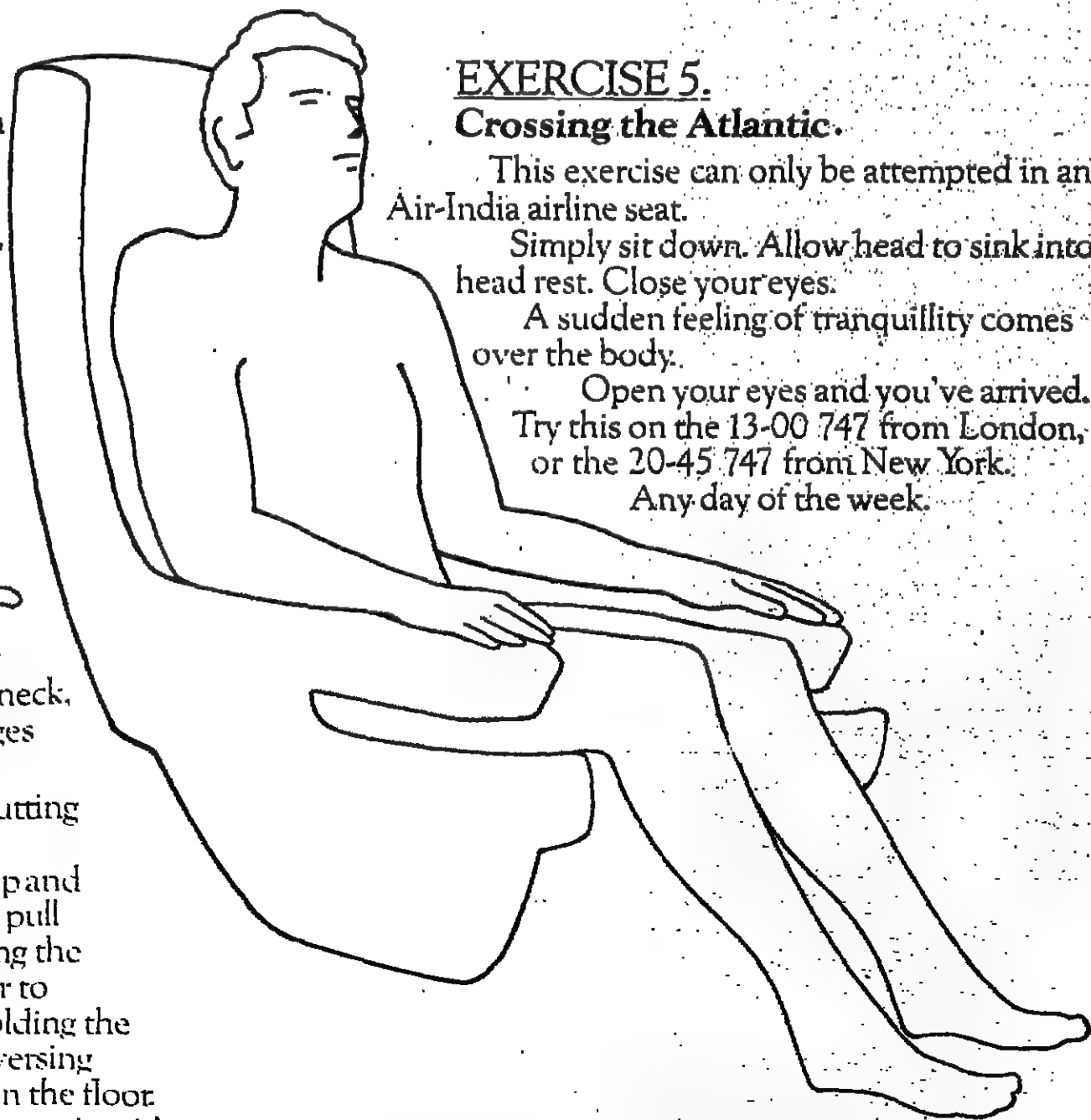
This exercise can only be attempted in an Air-India airline seat.

Simply sit down. Allow head to sink into head rest. Close your eyes.

A sudden feeling of tranquillity comes over the body.

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I need a solution, urgently, ideally a 'logical' marriage with a public company giving me management control, but all genuine proposals will receive my fullest consideration.

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We would be interested to hear from any Stockbroker with a portfolio of private clients and who would like to secure a repetitive income from those clients (despite markets and retirement) without adversely affecting his present position or firm.

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Telephone: 3452 773389 and 773241.  
Only serious enquiries invited.

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In excess of 25 years' experience seeking investment capital merger, or sale of equity to finance further expansion.

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Capacity range greater than 2.5 metres. 1 module. Hobber, Shaper or Planner considered.

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# Technical Page

EDITED BY ARTHUR BENNETT AND TED SCHOETERS

## AERIAL SURVEYING

### Inspections carried out from aloft

INTENDED for the remote monitoring of operating parameters on pipelines, drilling rigs, oil production platforms, etc., or anywhere that presents difficulties to the would-be gatherer of data is an aerial monitoring array by Mapel.

This organisation, specialising in cathodic protection and a subsidiary of the William Press Group, developed the equipment from an original system to monitor basic data on cathodic protection—systems for long distance production transport pipelines. Now, any physical parameter that can be translated by a transducer into an electrical analogue can be handled. Thus, surface flow, associated with any type of structure or remote site can be measured by aerial inspection: as the only efficient method of obtaining data.

The Mapel aerial monitoring system depends on an FM two-way radio frequency data link operating in the 100/200 MHz band. Three basic units include a transponder fitted at the site, an airborne interrogator/recorder and a print-out.

The transponder converts measurements into signals and transmits them to a surveying aircraft on receipt of an interrogation pulse.

The interrogator takes up the space of an executive briefcase and can go into a helicopter or light aircraft either in manual or automatic version. In the latter form it needs only to be switched on and off when the aircraft has come up to the transponder. The data is recorded on magnetic tape which, on the ground, can be printed out.

Range of the transponder is about 1 km, but can be raised if need be.

Further from Mapel at Tailors Road, Stotfold, Herts.

## SAFETY

### Warns when breakdown is near

ALTHOUGH it is fairly widely appreciated that an increase in vibration level in a machine indicates trouble, probably in bearings, it is less frequently realised that by monitoring the levels and precalibrating the onset of a critical condition can be quite accurately forecast.

Servodyn 7500 is a complete system of monitoring equipment designed entirely in the U.K. by Servodyn Controls in which the user can select from a wide range of modules to build a system to meet his needs.

The transducer has been designed for permanent installation in an industrial environment and produces a high level of output voltage per unit of vibration to enable it to perform well in electrically noisy surroundings. Its signals can be shown on a variety of modules with analogue meters that plug into a mainframe; these can show peak to peak, absolute amplitude or velocity, relative values of these, and several other scale variants including phase reference and bearing temperature.

An important feature of the equipment is that the current and voltage levels in it are low enough to prevent the creation of an incendiary spark in hazardous areas.

Apart from warning of impending failure the system can also be used to build up a complete preventative maintenance scheme. There are also possibilities of decreasing initial capital outlay (for example by keeping a closer watch on deliberately purchased less expensive machines), reducing the cost of spares and reducing noise levels.

Likely applications are in monitoring pumps, compressors, electric motors, fans, valves, pumping stations, process plants, ships' machinery and turbines.

More from Servodyn, 10, Thorneby, Stockton-on-Tees, Cleveland TS19 8JY (0642 593718).

## COMPUTERS

### Terminal to solve many problems

TEXT EDITING terminal units with variable-speed pan-rolling and a large-character, glare-free display from DEC are for use with computerised editing and typesetting systems in the printing and publishing industries.

Digital's LSI-11 microcomputer, a programmable device that simplifies many editing procedures and permits internal storage of up to 40,000 characters, the equivalent to 180 newspaper column inches—is used in the terminals.

Characters or special signs are software-definable and can be created from the keyboard; useful in foreign language and technical setting.

The terminal's large screen, 15 inches measured diagonally, displays up to 24 lines of 80 characters, each character of 18-point size in 10 x 10 dot matrix. The pan-rolling feature moves copy up or down the screen in a smooth continuous flow allowing text to be read easily as it passes by. This, coupled with the size of the characters and the absence of glare, reduces eyestrain and operator fatigue to a minimum.

In addition to the standard typewriter keyboard, the VT 710 offers two colour-coded, 18-key keyboards for text editing and copy despatching plus 16 memory keys at the top of the standard keyboard that enable the user to specify certain editing functions. Editing is further improved by a more powerful "search and place" feature and a new command "UNDELETE" that allows the operator to restore copy deleted by mistake.

The basic VT 710, including the LSI-11 microcomputer with 12K words of memory, is priced at £4,930 (OEM). A full 256K memory version costs £8,630 (OEM).

Further from DEC at Digital House, Kings Road, Reading, Berks, Reading (0734) 883593.

## PUBLICATIONS

### Specialised journals from IEE

THE PUBLISHING activities of the professional institutions have always been regarded with unease by commercial technical journal publishers. In view of the large, tailor-made audiences available for advertising purposes.

The Institution of Electrical Engineers, for example, has nearly 70,000 members almost all of whom are in appointments involving equipment and component specification of one kind or another.

Generally however—and perhaps fortunately for the technical publishing world—the institutions have never really regarded their publishing operations as a "bona fide" income earner. If

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they did, there seems a distinct possibility that membership subscriptions would benefit noticeably and that some old draughts would blow in the commercial technical publishing world.

In a statement this week, for example, announcing the launch of a new series of specialist journals, IEE president R. J. Clayton said: "Maximum profit by attracting advertising and by layout which gives prominence to such advertisements cannot have first priority."

Although this is almost bound to be the case in any professional institution, it must be rather difficult for some members to understand why revenue-earning should not at least be given equal priority, particularly in ordinary times such as these.

The new journals have been started essentially to provide a medium for specialist articles, not too mathematically oriented, which young engineers of ability might otherwise be inclined to place elsewhere—notably in the Institute of Electrical and Electronic Engineers publications if these, and the U.K. body, seems to be following in the footsteps of its U.S. counterpart.

The first three journals will deal with electronic circuits and systems, solid state and electronic devices, and microwave/optics. Another 15 or so titles are likely to appear in due course.

Advertising will be taken at about £100 per page and in this way the Institution expects the publications to break even with eventual circulations of about 3,000 for each title.

By agreement between the Financial Times and the IEE, information from The Technical Page is available for use by the Institution's External Service as source material for its own "bona fide" income earner. If

## TRANSPORT

### Driver's aid will guide buses

WHILE THE initial intention is providing radiotelephones for installation in many of the London Transport Executive's fleet is to help combat the way of violence that has in certain routes, the units will ultimately form part of a much more comprehensive data network.

According to Rediffon, from whom LTE has just ordered a further 600 sets to add to its initial successful trial installation of 308 sets, the Route master telephone equipment will later be used for routine transmission of data automatically. This will include such information as position and, when full developed, provide better control of the bus fleet.

Rediffon Telecommunications, Broomhill Road, Wandsworth, 01-874 7381.

## DRIVER'S AID

will guide buses

## STEWART FRASER LTD FOR ROLL-FORMED STAINLESS STEEL SECTIONS

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## Reinforced cement sheet move

PLANT FOR producing glass reinforced cement sheets is now being offered by Compositon of Grays, Essex, a company formed as a joint venture by Pilkington Brothers and Tunnel Holdings.

Proposed is a package deal involving supply of machinery, installation, commissioning and training of staff. Prospective purchasers of machines will be invited to enter into an agreement to buy know-how and pay royalties on sales of products.

The flat material produced by the latest machinery can be subsequently formed in the "green" state to provide profiled, curved and three-dimensional shapes and to include grooves, openings and fixings. The material can be used for earth retaining segments, piles for river and canal banks, gutters, interlocking tile panels for domestic roofing, walling sections for swimming pools and fire-resistant building boards.

In the manufacturing process, powders are mixed dry and then transferred to a high-speed wet mixer before being fed to a slurry pump. The cement-based slurry and chopped Cembil alkali-resistant fibre are sprayed simultaneously on to a moving conveyor.

Water evaporation begins immediately from the newly formed panel which then passes under a device to remove surface imperfections. After automatic trimming and cutting, the panel is either transferred to a moulding area for post-forming or immediately undergoes a fast curing operation for a period of some 20 days.

Composite sandwich panels and products with special characteristics can also be produced.

Output per annum per 3-hour shift is reckoned at a potential 245,000 square metres for 6mm thick sheet. Any thickness between 3mm and 15mm can be produced.

Cembil is a trademark for the alkali-resistant glass fibre developed by Pilkington and manufactured by its subsidiary Fibreglass.

## Whatever your load, you need Hyster.

Whatever your load, Hyster makes the truck to handle it. A thoroughly proven range of more than 70 different lift truck models designed to meet your particular need.

For productivity and high density storage, you need a truck from the Hyster Electric range capable of handling loads up to 10,000 lb. (5,000 kg). Engineered to meet exacting standards of performance and durability in the most demanding materials handling applications, Hyster Electric are built to stay working on the job—any job.

Whatever your load, you need a truck you can rely on. Choose Hyster—make a profitable difference to your handling operation.

## BARLOW handling

Barlow Myers Ltd., Airfield Estate, Maidenhead, Tel: Littlewood Green 2151  
Caledonian Mechanical Handling Co. Ltd.,  
Cumbernauld, Tel: 25091

Inland:  
A. H. Messer Ltd., Tel: Dublin 364511,  
Dunmurry 617126, Cork 200728

مكازم التحصيل







# GENERAL APPOINTMENTS

## Chief Executive International commerce

A manager with drive, creative skills, negotiating ability and sound business sense, is required for the top post in a London company. Long established, the company belongs to a very successful, European owned, international commercial/trading group, with world-wide connections. The rapidly changing relationships and developments on the international scene, however, call for new approaches and a change in thinking by the English company. Successful diversification, by introducing profitable new markets, products and even activities, must, therefore, have first priority in the new Chief Executive's list of tasks. To assist in this there is a loyal team of professionals, experienced in the problems of commerce, transport and shipping. The man or woman required - late thirties/early forties - will have had a good schooling, with possibly a degree in engineering or business economics. His/her career, with emphasis on marketing, will show successful progress in positions of

growing responsibility in commerce or industry. Of importance will be the contribution made in such positions to successfully introduce change and to develop new products, services and markets. Ability to guide and enthuse a medium size team, as well as skill in negotiating with people at all levels, are essential. Experience abroad, and a good knowledge of international business, are expected. This is a job offering responsibility, challenge to introduce change, together with much scope for development and growth. A very attractive five figure salary will be negotiated.

(PA Personnel Services Ref: D6514/FT)

The identity of candidates will not be revealed to our clients without prior permission given during a confidential discussion. Please send brief career details, quoting reference number to the address below, or write for an application form, and advise us if you have recently made any other applications.

### PA Personnel Services

Hyde Park House, 60a Knightsbridge, London SW1X 7LE. Tel: 01-235 5060 Telex: 27874



A member of PA International

## International Merchant Banking

Our international banking activities are now expanding at such a rate that we are looking in all departments for executives with real ability and financial acumen.

The requirements cover the marketing and negotiation of Shipping Finance, Eurocurrency loans, Export Finance and Leasing operations.

We offer you the opportunity to use your skills to the full, as a member of a compact and lively team engaged in a stimulating range of enterprises.

The salary range is from £6,000 into five figures plus the usual fringe benefits.

In return we ask that you be in the 25-40 age range with suitable banking or specialised experience.

If this challenge interests you, take us up on it by writing with full details to:-

T. C. H. Macafee, Staff Manager,  
Grindlay Brands Ltd.,  
36, Fenchurch Street,  
London EC3P 3AS

**Grindlay  
Brands**

## Financial Management for a famous name Deputy to the District Finance Officer

£6,356-£7,797

We seek a qualified accountant with commercial and industrial experience, to manage the accounting function and co-ordinate the whole of the Finance Department for a Health District in South East London that includes Guy's Hospital, London Bridge - one of the most famous teaching hospitals. In particular, he or she should have the kind of experience that will enable him/her to undertake forward planning and financial security, the introduction of new systems in the fields of financial scheduling, budgetary control, and initiate investigations into economy measures and cost effectiveness. Equally important he/she will need the personality to communicate with Heads of Department, including eminent members of the medical profession. He/she will be responsible to the District Finance Officer, deputising for him over the full range of duties, and participate in the overall financial management of the Health District. The Deputy D.F.O. will have ample accountancy and clerical support in a Department of 70, handling all aspects of a revenue budget of £25m. The District contains three hospitals and numerous health centres and clinics, serving a population of 172,000. Further details and an application form available from the District Personnel Officer, Guy's Hospital, St. Thomas Street, London SE1 9RT. Telephone 01-407 7609 Ext. 3449. Closing date 24th September, 1978.

**Guy's**  
HEALTH DISTRICT

## Managing Director (London)

A well-established Company in an internationally known expanding Group invites applications for a newly-created position of Managing Director.

Age 40-50. Good educational background. Definite recognised engineering qualifications with extensive practical commercial experience in construction or equipment industries. Substantial evidence of successful negotiating ability at senior level with nationalised industries, oil companies and international engineering contractors. Overseas experience an asset. Emphasis upon skilled administration.

Applicants must now be earning a basic minimum salary of £10,000. Excellent pension. Attractive prospects. Car. Relocation expenses. Ref. No. FT/MD/757857.

Apply in GUARANTEED CONFIDENCE stating Reference Number, Age, Telephone Number. Details of qualifications, experience, names and dates of positions held with salaries. Short-listed Applicants will be notified within fourteen days after receipt of application.

Dr. P. S. de Q. Cabot, Chairman  
P. S. CABOT & CO. LTD.  
Management Consultants  
37-41 Bedford Row, London WC1R 4JH

## Portfolio Manager UK Equities

This new appointment will be of interest to Portfolio Managers specialising in UK equities and currently earning about £10,000. The successful candidate will join a small well-established and highly professional team in the management of a group of funds with investments approaching £50m. There are good prospects of further advancement.

Candidates, ideally aged about 30, should have portfolio management experience in UK equities and, desirably, North American equities; earlier experience in investment research or stock exchange activities would be an advantage.

Salary is negotiable from £10,000 plus pension.

Please send relevant details - in confidence - to J. M. Ward ref. B.41286.

This appointment is open to men and women.

**MSL World wide**

Management Selection Limited  
17 Stratton Street London W1X 6DB

## Senior F/X Dealer

Prominent International Bank

Our Client is a substantial International Bank with an excellent reputation.

An experienced and accomplished F/X dealer is now required for its well established London branch.

Salary will be commensurate with experience and first-class fringe benefits will be provided.

Contact Norman Philpot  
as adviser to the bank  
on 01-405 3499

**Lloyd Management**

Blowdown House, 50-51 High Holborn, London WC1V 6EP. Tel: 01-405 3499

## MERCHANT BANKING CAREERS

We are a London based Merchant Bank with subsidiaries in North and South America and several European countries.

Our record is one of sustained and profitable growth. Our expansion plans call for several additions to our staff on top executive level, including (but not limited to):

1. Manager to take charge of U.K. banking operations. Experience in similar position at high level essential.
2. Responsible executive positions in the following departments:
  - Syndication and placement of Eurocurrency Loan Instruments.
  - Corporate Services (mergers, acquisitions, etc.).
  - Project Promotion and Finance.
  - Commercial Credits.
  - Office Management.
  - Group Auditing.

3. We are also inviting applications for our New York office from suitable executives, preferably with U.S. banking experience, who are prepared to relocate temporarily or permanently.

It is envisaged that future board appointments will be drawn substantially from eligible applicants who will be expected to have a sound educational and professional background, to be resourceful, entrepreneurial, hard-working and wholly loyal to the group effort. In return they will be offered a stimulating, intellectually and financially rewarding lifelong career with ample fringe benefits in addition to salary and bonus.

Our staff are aware of this advertisement.

Please send full C.V. and salary requirements to  
Box A.5688, Financial Times, 10, Cannon Street, EC4P 4BY.

We are one of the most important companies for presswood in Europe. Our programme: obo-presswood-high densified synthetic resin presswood \* obo-laminated wood-low densified modified and improved wood materials \* obo-moulding wood-high densified synthetic resin presswood for compression molding pieces \* obo-elements for school furniture-school table tops, seat shells and chair sets.

For the care of the contacts existing for more than 10 years and to extend the regular customers connections we are trying to find a productive commercial representation.

We presume that you will travel throughout Great Britain. Contacts in synthetic products and wood branch would be advantageous. Base of the representation should be London or surroundings. Are you interested in our offer? In this case we should arrange a discussion either in England or in Germany in the near future.

**otto  
bosse**

Otto Bosse, Kunstschreibwaren,  
P.O. Box 289, D-3000 Stadthagen, Germany  
Tel.: 05721/4044 Telex: 09-72254

## A.D.R./Securities Clerk

Required by American Bank

Aged 24-30 years

previous banking experience essential, preferably including Securities work. Salary negotiable. Usual fringe benefits.

Write with full details to Personnel Dept.  
36-38 Cornhill London EC3.

### OLD ESTABLISHED COMMODITY BROKING HOUSE

requires

SENIOR TRADER

for Futures Markets. Ability to introduce business an asset.

Write Box A.5687, Financial Times,  
10, Cannon Street, EC4P 4BY.

### INTERNATIONAL BANK

needs

Foreign Exchange Manager

for its recently opened London branch.

Usual benefits associated with a post, one of the calibre.

Write Box A.5689, Financial Times,  
10, Cannon Street, EC4P 4BY.

### ENGINEERING SALES

Graduate with

business studies, sales interest and working knowledge of spoken and written German, at ease at all social levels and seeking most direct route to the top should write, fully to Personnel Manager, Wellworthy Ltd., Lymington, Hants.

Write Box A.5687, Financial Times,  
10, Cannon Street, EC4P 4BY.

### APPOINTMENTS WANTED

### RETIRED MANAGING DIRECTOR

of multi-million pound Company with

world wide contacts seeks periodic employment which would entail leading a technical mission or carrying out overseas investigation. Attention of 2-3 months envisaged. Languages, English and American.

Write Box A.5687, Financial Times,  
10, Cannon Street, EC4P 4BY.

## Rowe & Pitman, Hurst-Brown

Members of The Stock Exchange

### SENIOR ANALYST CHEMICALS AND PHARMACEUTICALS

Rowe & Pitman, Hurst-Brown wish to recruit an experienced analyst to develop the firm's research in the chemical and pharmaceutical sector. The position requires a relatively mature analyst, probably aged 25 to 35, who will be expected to have had at least three years experience in the sector.

Good salary with profit-sharing bonus. Non-contributory pension scheme and life assurance. Subsidised staff restaurant.

Applications to:-

P. N. Smith,  
Staff Manager,  
Rowe & Pitman, Hurst-Brown,  
First Floor, City Gate House,  
39/45 Finsbury Square,  
London EC2A 1JA.

**R & P**

## Corporate Finance Opportunities in Merchant Banking

As a result of an increasing demand for our services, our corporate advisory division has two vacancies for recently qualified accountants or solicitors aged up to 27, preferably with City experience.

Apply in writing (with curriculum vitae) to:

The Personnel Manager,  
County Bank Limited,  
11 Old Broad Street, London EC2N 1BB.

**County Bank**

A member of the National Westminster Bank Group

## Investment Manager

M & G need a Fund Manager to join their investment team. This appointment will carry considerable responsibility and discretion in an organisation involved in the management of over £450 million.

The successful applicant will probably be aged under 35 and have been concerned with the management of substantial funds for several years.

Candidates, male or female, should write to:

Mr. D. L. Tucker,  
M & G Investment Management Limited,  
Three Quays, Tower Hill, London, EC3R 6BQ

**M & G**

## INTERNATIONAL BOND SALESMAN

UP TO £15,000

Our client is the London branch of a leading American stock-broking and investment banking house. In addition to these activities the London office is active in the international bond market and has an international economist producing research material for investors in the Eurobond market.

The successful candidate's main role will be marketing the international economist's Eurobond recommendations to institutions in London and Europe. He will be working closely both with the international economist and the Eurobond dealer. The ideal candidate is likely to be familiar with the Eurobond market in Europe. He will be articulate, self-confident, and have considerable persuasive powers. The successful candidate, apart from being paid a high fixed salary, will also receive an attractive bonus which will be linked to his individual performance.

Apply:  
J. R. V. Coutts,  
7 Wine Office Court,  
London, EC4A 3BY.  
01-353 1858.

**Career  
plan**

## TRAINEE CREDIT ANALYST

to work in the London Branch of First National Bank in Dallas. Candidates ideally should be between 21 and 25, with a degree or other higher educational qualification, to join a team of analysts who provide the support for our international lending area.

Salary negotiable and fringe benefits associated with banking employment. Please contact Miss G. Bock,  
FIRST NATIONAL BANK IN DALLAS,  
60, Aldermanbury, London EC2V 7JT.  
Telephone: 01-606 8111.



# ACCOUNTANCY APPOINTMENTS

## Financial Appraisal to £6,000

PROMOTION gives rise to a vacancy in a small section which reports to the Finance Director. The section's responsibilities include the appraisal of all new retail developments and other capital projects, co-ordination and presentation of the company's long-term financial plans, analysis of the profit contribution of product groups, Price Code matters, and short-term financial control. There is ample opportunity for initiative and for influencing decisions and policies through contact with directors and senior managers.

CANDIDATES, aged 25-28, should be qualified accountants, preferably with a degree, or business school graduates who have specialised in finance, in either case with at least two years' relevant experience. Conditions of employment are excellent and relocation assistance will be given in appropriate cases. Location, Central London.

WRITE with full curriculum vitae to J. W. Weyers, Company Recruitment Manager, J. Sainsbury Limited, Stamford House, Stamford Street, London SE1 9LL.

**SAINSBURY'S**

## MANAGEMENT ACCOUNTANT

Tate & Lyle Limited  
c. £7,000 + Bonus

Tate and Lyle is an International Company with a turnover in excess of £1,000 million, engaged in a very wide range of operations including sugar refining, sugar production, trading and handling commodities, shipping, transport and distribution. The Group Finance Department, located in the City, requires a qualified Accountant of high calibre. Candidates, aged around 35, must be able to demonstrate a progressive career in all fields of management accounting preferably with experience in an international group of companies. The successful applicant will be responsible for co-ordinating and participating in the design of systems; the provision of management information; analysis of Group profits; the evaluation of project, capital expenditure and acquisition proposals and the forecasting of the future financial position of the Group. The job-holder will report to the Group Management Accountant and will act as his deputy. Salary is negotiable circa £7,000 plus bonus, with non-contributory pension and generous fringe benefits. Please write or telephone for an application form and job description to:-



Mrs. J.M. Mathias, (MA)(FT)  
Tate and Lyle Limited,  
21 Mincing Lane,  
London EC3R 7QY.  
Tel: 01-626 6525.

London

c. £15,000

## FINANCIAL DIRECTOR

Designate

Our client, four times winner of the Queen's Award for Industry, is a well known and successful consumer products company with an enviable export record particularly in North America.

Reporting to the Chairman, a Financial Director is now required to assist the board in determining longer term strategies and to take control of the entire finance, accounting and data processing functions.

Candidates aged from 38 must be Chartered Accountants, preferably graduates who have had professional experience with a leading firm and have since gained substantial commercial or industrial experience in an organisation with a reputation for high management standards. Experience of acquisitions would be useful.

Brief but comprehensive details of salary and career to date, which will be treated in confidence, should be sent to:

The Executive Selection Division - MF628.

Coopers & Lybrand Associates Ltd., Management Consultants,  
Shelley House, Noble Street, London, EC2V 7DQ.

## Financial Controller - Benn Brothers Ltd.

ACCOUNTANCY  
APPOINTMENTS  
are continued  
today on the  
following page

This important new position carries responsibility for the entire accounting function of the Group and for the staff in the parent company's accounts department. Reporting to the Finance Director the duties will include the implementation of Group computer plans, Group budgetary control, Price Commission work and investigations. There are exceptional opportunities for career growth.

Benn Brothers are a public company with a £6.5 million turnover. With a Head Office near the City they publish

specialist journals, directories and books (including Tolley publications).

Candidates (male or female) must be qualified accountants ideally between 30 and 40 years old. Their experience should include management accounting systems with many cost centres, credit control and familiarity with computer systems.

Applications, which will be treated in strict confidence, should give details of career and salary progression, age, education and qualification and refer to 580/B.

Dr. I. Bowers,  
Deloitte, Haskins & Sells, Management Consultants,  
34 Farringdon Street, London EC4A 4DL.

## Financial Controller Distributive Industry Training Board Manchester

The Board serves an industry employing 2 million people and has an income in excess of £10m. (part Government funded.)

The Financial Controller provides guidance to the Board, helps to determine policy and is responsible for financial planning and budgetary control. There is close involvement with the Training Services Agency.

Candidates must be qualified accountants, with broad accounting and managerial experience in commerce, the profession or local government.

Salary within the bracket £6,500 to £8,000 with car and other benefits, including excellent pension. Assistance will be given with re-location expenses where appropriate.

The appointment is due to an approaching retirement and the vacancy is also being advertised internally.

Please write - in confidence - to R. M. Cooper ref. B. 80294.

This appointment is open to men and women.

**MSL World wide**

Management Selection Limited  
17 Stratton Street London W1X 8DB

## Management Accountant

minimum £7,500

A company in process manufacture with a turnover of £25 million holds market leadership in several of its product groups. Profits and volume continue to improve and considerable resources are available for expansion and acquisition. A Management Accountant is required in the organisation who will be the Finance Director's number two. His/her principal responsibilities will relate to long term planning, budgetary control and the preparation of periodic management information. Candidates aged roughly 30-35 should be ACA's or ACMA's with a few years post qualification experience in manufacturing industry. Their management

accounting work should have involved close liaison with EDP. Salary is negotiable upwards of £7,500 and the opportunities for career advancement are considerable. Location is on the west side of London.

(PA Personnel Services Ref. AA34.5718/FT)

The identity of candidates will not be revealed to our clients without prior permission given during a confidential discussion. Please send brief career details, quoting reference number to the address below, or write for an application form, and advise us if you have recently made any other applications.

PA Personnel Services

Hyde Park House, 61a Knightsbridge, London SW1X 7LE. Tel: 01-233 0160 Telex: 27874



A member of PA International

Schlesingers have an exceptional opportunity for a

## Qualified Accountant

working in the administration and accounting function of their investment management company. The rapid development of Schlesingers' investment organisation has given rise to this new position, based in Dorking, involving working with a small, friendly and industrious team. The work entails responsibility for all aspects of investment fund and management accounting for insurance funds, private client accounts and pension funds. Applicants ideally should have relevant experience of a City institution or stockbroking firm. There will be an attractive remuneration package and excellent career prospects.

Applications, including a detailed curriculum vitae, should be sent in strict confidence to:  
A. J. A. Grey, A.C.A., Finance Director,  
Schlesinger Investment Management Services Limited,  
19 Hapover Square, LONDON W11.

**Schlesingers**

## Financial Accountant

Kenya: circa £5,000 plus overseas benefits

Bookers Agricultural & Technical Services Limited manage overseas agro-industrial enterprises and provide a wide range of consultancy services for foreign governments, international agencies and commercial companies.

A major sugar estate in Kenya requires a qualified financial accountant to supervise and train a Kenyan accounting team preparing monthly and annual financial accounts. A willingness to transfer to another overseas assignment on completion of an eighteen-month tour is highly desirable.

Candidates should be qualified accountants,

within the age range 25 to 35 years, ideally with previous overseas commercial accountancy experience.

An attractive basic salary, negotiable according to experience; plus overseas and cost of living adjustments; clothing, disturbance, car and education allowances; family passages; medical scheme; life insurance and free housing will apply to this pensionable position.

Applicants should write, sending detailed curriculum vitae and availability for interview and employment to:



**BOOKER  
McCONNELL**

E. B. Williams,  
Bookers Agricultural & Technical Services Limited,  
Bucklersbury House,  
83 Cannon Street,  
London: EC4N 8EJ.

## Director Designate Finance and Administration

Financial controllers group chief accountants who have in-depth experience in the control and use of EDP facilities in addition to their normal accounting and financial expertise should be interested in this appointment with a leading City institution. Appointment to the board can be earned within two years. Assisted by well-qualified departmental heads, a major immediate responsibility is the direction and supervision of the transfer of EDP applications to a new computer.

Candidates, aged 35 to 45, must be qualified accountants (preferably Chartered) with relevant experience who have controlled a large staff.

Salary is negotiable about £15,000 plus car and pension. Location Essex.

Please write - in confidence - to J. M. Ward ref. B.41287.

This appointment is open to men and women.

**MSL World wide**

Management Selection Limited  
17 Stratton Street London W1X 8DB

## CHIEF ACCOUNTANT

City Emoluments to £9,000

Our client has recently been established to take overall responsibility for the investment of the surplus revenues of a Middle East state. To improve management control and the flow of financial information it has been decided to establish a London accounting centre.

The successful candidate will control the accounting centre and have close contact with senior management both in Europe and the Middle East. Initially he/she will be concerned with the implementation of effective financial controls and management reporting systems, and will then have an on-going responsibility to produce the necessary accounts and reports against established deadlines.

Candidates for this appointment will be qualified accountants with managerial experience either within commerce or with a large professional practice and knowledge of the operation of an investment fund and of foreign currency transactions would be advantageous. They should be aged between 35 and 45, be self disciplined and have the ability to communicate with management of all levels.

For more detailed information concerning this appointment and a personal history form please contact Nigel V. Smith, A.C.A. quoting reference 1652.

Douglas Lambias Associates Ltd.,  
410 Strand, London WC2R 0NS.  
Telephone: 01-836 9501  
and 3 Coates Place, Edinburgh EH3 7AA.  
Telephone: 031-226 7744.

**DIA**

COMMERCE & INDUSTRY

## FINANCIAL CONTROLLER

Germany

c. DM75,000 p.a.

The International Paint Company who are one of the world's leading paint manufacturers, require a Financial Controller for their German operation based at Hamburg. Candidates should be suitably qualified, bi-lingual, accountants with good experience of the total accounting function including experience gained as Financial Controller or equivalent level in a manufacturing industry. Recent German working experience as well as U.K. experience is desirable.

Please write with full details including current salary to:



D. C. Powell, Group Personnel Manager,  
THE INTERNATIONAL PAINT COMPANY  
Hennetta House, 3 Hennetta Place,  
London W1A 1AD

## ACCOUNTANCY APPOINTMENTS appear every THURSDAY

Advertisers. Space should be booked by mid-day Tuesday and copy submitted by 3 p.m. Wednesday. Ring Carol Johns on 01-248 8000, ext. 588.

## NEWLY QUALIFIED INVESTMENT ACCOUNTANT Circa £4500

+ Benefits E.C.A.

Exceptional opportunities are available for several accountants with an interest in investment accounting. Our client can offer very real career progression.

Six weeks holiday + travel concessions

**DUKE'S CAREER**

Please Telephone  
01-283 3881

- quoting reference C.F.M.

## Group Chief Accountant

£6,500-£8,500+car

South West

This is a new appointment resulting from the growth and development of an £18 million turnover metal processing company. Reporting to the Financial Director, there is responsibility for the central staff and the accounting and budgeting procedures. There is also a continuing need to develop and install systems for the companies in the group. A flexible and committed approach to

the work and to the further development of this group is expected. Candidates should be qualified accountants aged 30 to 40 who have held at least two commercial appointments. Applications, which will be treated in strict confidence, should contain relevant details of career and salary progression, age, education and qualifications.

Please write, quoting 566/B, to:

Dr. I. Bowers,  
Deloitte, Haskins & Sells, Management Consultants,  
34 Farringdon Street, London, EC4A 4DL.



## ACCOUNTANCY APPOINTMENTS

## Financial Controller

Central London

£7,000-£8,000

London office co-ordinates trading throughout Europe and North America. The level of business has grown rapidly and there is now a need to control the administrative and accounts activity. This will demand a high degree of flexibility as the responsibilities are wide and will range from contacts at high level to detailed analysis of the company's financial records and the control of

administration. We believe that this will suit a mature person probably qualified as an accountant who is looking for an interesting and fairly demanding appointment. Applications, which will be treated in strict confidence, should give details of career and salary progression, age, education and qualification, refer to 568/B and be sent to:

Dr. I. Bowers,  
Deloitte, Haskins & Sells, Management Consultants,  
34 Farringdon Street, London EC4P 4DL

## KENT AREA HEALTH AUTHORITY

## Area Treasurer Salary scale: £9,363 - £11,436

The present holder of this post, Mr. Basil Spencer, FCA, IPPA, FMA, will be retiring from the National Health Service in January 1977, and a successor is required for this important and challenging appointment. Applicants should be qualified accountants with previous experience at senior management level.

Kent, one of the largest Area Health Authorities in Great Britain, is a six-District Area, with a current revenue allocation of approximately £100 million (excluding Family Practitioner Committee) and a capital allocation of £17 million.

providing health care for a population of 1,445,000. There is a total staff of 27,000.

The Area Treasurer is the financial adviser to the Area and reports directly to it. The successful applicant will be a member of the Area's management team and will advise and co-ordinate the team on the financial aspects of its work. The Area Offices are at Preston Hall Hospital, Maidstone, on the outskirts of the town.

Application form quoting ref. FT, returnable by Monday, 4th October, and job description from: Area Personnel Officer, Kent Area Health Authority, Preston Hall Hospital, Maidstone, Kent ME20 7NN, Telephone 0622 79261, extension 28.

## POST OFFICE TELECOMMUNICATIONS

## Principal Accountant Designate

The Post Office requires a qualified accountant to take over responsibility for the direction and control of the Contracts Division Accounting Branch, which employs approximately 30 professionally qualified accountants. The work of the Branch is concerned primarily with the financial analysis and cost investigation of manufacturers' records in connection with a wide variety of supply and research and development contracts.

The job which is open to both men and women calls for a high standard of professional judgment, considerable maturity and the ability to negotiate with contractors at a senior level. It also requires a thorough understanding of complex costing systems in major manufacturing companies. The ideal candidate therefore is likely to have gained several years' relevant experience with a large professional or consultancy practice, to have held a senior accounting position in manufacturing industry and to have acquired a wide experience of standard costing systems.

The starting salary will be negotiable but probably in excess of £10,000 pa (including London weighting). There are a contributory pension scheme and attractive conditions of service.

Brief but comprehensive details of career and salary to date, which will be treated in confidence should be sent by 29 September 1976 to:

Miss S K Hawtrey  
Telecommunications Personnel Department,  
Room 410,  
2-12 Gresham Street,  
London EC2V 7AG.

## The Post Office

## Finance Director

Lancashire c. £8,000 + car

Our client is an autonomous and profitable Engineering Company manufacturing capital equipment. The present substantial turnover is expected to increase considerably as the Company enters a new era of expansion in export markets.

The successful candidate, reporting to the Managing Director, will be expected to improve accounting disciplines and controls, whilst possessing the calibre and experience necessary to make a major contribution to the Company's future development and prosperity.

Applications are invited from qualified accountants with some years experience

in manufacturing industry. Ability to communicate and to work at Board level with the executive team is essential. Experience in data processing would be an advantage.

Attractive additional benefits are available. (Ref. W4783FT).

REPLIES will be forwarded direct, unopened and in confidence to the client unless addressed to our Security Manager listing companies to which they may not be sent. They should include comprehensive career details, not refer to previous correspondence with PA and quote the reference or the envelope.

## PA Advertising

114 Park House, 61a Knightsbridge, London SW1X 7LE. Tel: 01-235 6060 Telex: 27874



A member of P.A. Advertising Ltd.

## Young Accountant for Business Analysis

Honeywell is a multi national company with a significant share of the UK computer market. Business Analysis within Finance, has a key role in both the preparation and interpretation of long and short-range plans and

in analysis of current operations. We are looking for a young, innovative Accountant to assume a dual responsibility for Evaluation of business being taken on by the company; Formulation of applications to the Price Commission. These roles will involve working closely with Marketing and Field Operations, as well as with the various accounting functions.

This position offers an excellent opportunity for an ambitious accountant who has qualified in the last 18 months to move into a sophisticated marketing-oriented environment. Please write with brief career details to: Liz McDermott, Senior Personnel Officer, Honeywell Information Systems Ltd., Great West Road, Brentford, Middlesex.

Honeywell



## LEGAL NOTICES

No. 60848 of 1976  
In the HIGH COURT OF JUSTICE  
Chancery Division Companies Court.  
In the Matter of FORWARD CONSTRUCTION LIMITED and in the Matter of The Companies Act 1966.

NOTICE IS HEREBY GIVEN, that a Petition for the Winding Up of the said named Company by the High Court of Justice was on the 6th day of August 1976 presented to the said Court by READY MIXED CONCRETE (WALES) LIMITED whose registered office is situated at RHC House, 24-26, High Street, Falmouth, Cornwall, and that the said Petition is directed to be heard before the Court sitting at the Royal Courts of Justice, Strand, London, W.C.2A 2LL on the 11th day of October 1976 and any creditor or contributory of the said Company desirous to support or oppose the making of an order on the said Petition must appear at the time of hearing, in person or by his counsel, for that purpose and a copy of the Petition will be furnished by the undersigned to any creditor or contributory of the said Company requiring such copy on payment of the requisite fee.

YOUNG JONES GOLDING PATTERSON,  
3 Suffolk Lane,  
London EC2R 1AU,  
Solicitors for the Petitioner.

NOTE—Any person who intends to appear on the hearing of the said Petition must first send by post to the above-named notice in writing of his intention so to do. The notice must state the name and address of the person, or if a firm, the name and address of the firm and must be signed by the person or firm, or his or their solicitor (if any) and must be served, if posted, must be sent by post, not later than four o'clock on the afternoon of the 6th day of October, 1976.

## PUBLIC NOTICES

DUDLEY CORPORATION BILLS  
20 p. bills issued 8.7.76 due 9.12.76 at a rate of 10.5/100. Total applications were 18,510. £2,250,000.00 outstanding.

EXETER CITY COUNCIL BILLS  
£250,000 bills issued 8th September, 1976 due 8th December, 1976 at 10 1/2%. Applications totalled £2,250,000.00. £2,250,000.00 bills outstanding.

NORTHAMPTON BOROUGH COUNCIL BILLS  
Bills issued 8.9.76 due 8.12.76 at a rate of 10 1/2%. Total applications £3m. No other bills outstanding.

LOCAL AUTHORITY BILLS  
£5,000,000 Strathclyde Regional Council bills issued 8th September, 1976, maturing 8th December 1976, at 10 1/2%. Applications totalled £5,000,000.00 and there are £24,000,000.00 bills outstanding.

SOUTHAMPTON METROPOLITAN BOROUGH COUNCIL BILLS  
£2,000,000 bills issued on the 8th December 1976, were offered on the 8th September 1976 and were allotted at an average rate of 10 1/2%. Applications totalled £2,000,000.00 and there are £2,000,000.00 bills outstanding.

THE FIRE REGIONAL COUNCIL  
£2,000,000 bills issued 8.9.76, maturing 8.12.76 at 10 1/2%. Applications totalled £2,000,000.00 and there are £2,000,000.00 bills outstanding.

## COMPANY NOTICES

CENTENARY FUND S.A.  
NOTICE TO SHAREHOLDERS  
The accounts of Centenary Fund S.A. for the six months to 30th June, 1976 are now ready and the investment application, 10 to the investment director.

F. & C. Management Limited,  
12 Lutteridge Park, Hill,  
London, EC4R 0BA  
or the respective office:  
Banque Generale du Luxembourg,  
16, rue d'Alger,  
Luxembourg.

TAVENER BUTLER LIMITED  
Notice is hereby given that the REGISTER OF TRANSFERS of the above-named Company will be closed from 1st September, 1976, to 3rd October, 1976.

By Order of the Board  
Director/Secretary,  
2nd September, 1976  
64% CONVERTIBLE DEBENTURES DUE 1989

PIONEER ELECTRONIC CORPORATION,  
10702 JAPAN  
The undersigned reports that Pioneer Electronic Corporation has resolved in the meeting of 14th July 1976, the Board of Directors to issue new shares by way of free allotment to the holders of the shares of the said Corporation on September 30th, 1976, records of 1st January 1976, in Amsterdam, September 29th, 1976.

The present conversion price is ten 975 new shares.  
The Transfer Agent:  
AMSTERDAMSE KANTOOR B.V.,  
Amsterdam, 3rd 1976.

117 GROUP FUND  
Responsible Office: LUXEMBOURG.  
14, rue d'Alger, Luxembourg, 10702 JAPAN.

NOTICE OF EXTRAORDINARY GENERAL MEETING  
An Extraordinary General Meeting of Shareholders will be held at 3 p.m. on September 17th, 1976, at 14 rue d'Alger, Luxembourg, with the following agenda:

1. To approve the reports of the board of directors and of the company auditor for the half year to 30th June, 1976.

2. To approve the consolidated statement of net assets of 15th June 1976, and the consolidated statement of operations for the period ended on that date.

3. To approve the payment of an interim dividend of 15% cents per share.

4. To approve the transfer to legal reserve of an amount of 500,000.

5. To approve the remuneration of directors.

6. To give the directors and statutory auditor their discharge for the proper performance of their duties during the half year to 30th June, 1976.

7. To transact any other business which may come before the Extraordinary General Meeting of Shareholders.

Clear days before the meeting at the Registered Office of the Company, 14 rue d'Alger, Luxembourg, or with one of the following banks:  
—Banque Generale du Luxembourg, S.A. 14 rue d'Alger, Luxembourg.  
—Midland Bank Limited International Division, 25 Abchurch Lane, London EC4N 3DF, England.  
The Board of Directors.

## APPOINTMENTS

## Executive changes at Wingate

Following its acquisition by Group's activities in the U.S. Mr. George Wimpey and Co. the following Board changes have been made at WINGATE INVESTMENT: Mr. H. Morris, Mr. C. B. Smith and Mr. D. R. L. Hankinson have been appointed directors.

Mr. E. S. Birt, who will remain a director, has resigned as chairman and will be succeeded by Mr. Morris. Mr. Smith has been appointed managing director to act jointly with Mr. S. A. Wingate.

Mr. David Joy is to retire from the BRITISH STEEL CORPORATION on September 30. He has been managing director of BSC's Sheffield (previously special steels) division since December 1973. Mr. Joy went to the United Steel companies in the early 1930s and later held a number of senior production posts with the Group and with BSC, becoming director of what is now the Corporation's Scunthorpe division at an important stage of the anchor development. Mr. Joy's successor as managing director of the Sheffield division will be Mr. John Pennington, at present director of the BSC's forges, foundries and engineering profit centre.

Mr. Russell Graham, a director of STONE-PLATE INDUSTRIES, FAIRS AND EXHIBITIONS. He was previously executive director of the Stone-Platt group responsible for co-ordination of all the Group's activities in the U.S.

Mr. John S. Auld has been appointed president of ENGLISH ELECTRIC VALVE NORTH AMERICA. Prior to this appointment Mr. Auld was president, North American Philips Corporation Broadcast Equipment Division, and previously general manager, Dumont Tube Division and Dumont Electrical Division.

HANSON TRUST. Mr. Kenneth Osborne, Mr. Martin Taylor and Mr. Anthony Alexander have been appointed directors, and Mr. Peter Harper and Mr. Derek Bebban associate directors.

Mr. Dermot B. Graham has been appointed managing director of FAIRS AND EXHIBITIONS. He was previously executive director of the Stone-Platt group.

Mr. Bryan Quilter, managing director of Granada TV Rental, has been appointed managing director of the group.

Mr. William C. Bigelow has been appointed head of the treasury group at the London branch of CHASE MANHATTAN BANK. Mr. Bigelow, who will be in charge of the foreign exchange, Euro-currency and sterling divisions, succeeds Mr. James P. Borden, who has been appointed deputy for the portfolio and funding group at the bank's head office in New York.

Mr. Ronald J. Anderson has been appointed vice-president in London, AFIA WORLDWIDE INSURANCE, responsible for the U.K., Ireland and Scandinavia. Mr. Anderson, who was previously vice-president for Australia, succeeds Mr. John C. Follansbee, who has returned to the U.S. to take up a new executive assignment.

Mr. L. G. Mersel, chief manager, DOW BANKING CORPORATION, London, will be transferred to New York to take up a new assignment in November to take up a new assignment with the bank's principal shareholder, the Dow Chemical Company, as financial manager of Latin America area. He will be succeeded by Mr. A. Boller, a recently manager of the company's business development department at its head office in Zurich.

Mr. James A. Green has been appointed to the Board of NATIONAL EMPLOYERS LI ASSURANCE COMPANY. Green has been the company actuary since 1960.

Mr. Geoffrey Parker has joined the Board of WOODSTOCK SPINNING COMPANY and four of its subsidiaries of Coastal States Corporation, of Houston, Texas.

Mr. Bruce C. Warren has been appointed general manager, THOMSON INTERNATIONAL PRESS CONSULTANCY, a subsidiary of Thomson Reuters Newspapers. He was formerly assistant managing director, Thames Valley Newspapers, and he has been seconded to it since 1975.

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# The Marketing Scene

Against all the High Street trends

## A lot of a little at Budgen's

BY EUNOR GOODMAN, CONSUMER AFFAIRS CORRESPONDENT

At a time when almost everybody else in the grocery trade is doing their best to lessen their dependence on the small High Street shop, it sounds a bit like putting a brave face on a bad situation for a food retailer to say that he wants to get out of the supermarket and concentrate on small to medium-sized outlets. Yet this is what the Booker chain, Budgen's, is doing in what it claims is part of a positive marketing strategy.

It has got rid of its two potential superstore sites in the north and south, and over the next year is proposing to open six to eight shops of between 8,000 and 10,000 square feet—under a third the size of stores which groups like Tesco are planning to build in the future.

Budgen is also swimming against the tide in a number of other important areas. Far from reducing the range of goods it carries and going all out on price, it is increasing its range by stocking such exotic delicacies as Hungarian Black cherries at over £1 a can and hearts of palm at £1.20 a can. It is also giving the individual store managers considerably more freedom over what they buy than before and actively encouraging them to take the occasional gamble.

In some ways Booker's grocery retail operation, which had a turnover last year of about £45m, and trading profits of around £1m, would seem to epitomise the kind of problems which are plaguing most of the multiple grocers, particularly those like British American Tobacco and Cavenham, which came into the market relatively late by acquisition.

The chain, which is centred mainly in the South East of England, and is itself the result of a number of separate purchases made by Bookers over the years, has a preponderance of small shops situated either in the High Street or in neighbourhoods.

Of its 180 shops, 85 have a trading area of under 2,000 square feet, 27 are between 2,000 and 4,000 square feet and only 27 are above the 4,000 square foot mark. The biggest have a sales area of only around 10,000 square feet, which, judged by the new openings of major grocery chains is relatively small.

Until recently, Budgen's had been sold—and the fact that many were in the kind of housing estates and smaller shopping centres which the big supermarket groups preferred to keep out of. It also had a slightly costly, friendly image on the plus side though against this it did not have a strong reputation for price.

Mr. Jerram, who had spent twelve years with the John Lewis food chain, Watrose, before joining Bookers, decided that there was no way Budgen could compete on equal terms. He decided to try and fill the gap the multiples were leaving behind as



Maurice Jerram buying Tins Shells at the East Barnet store

over as chairman of what are now Booker Belmont Wholesale and Booker Belmont Retail in 1974, began experimenting with a new approach which it was hoped would exploit the group's existing strengths and take it out of the main stream of the price war.

Budgen's strengths, as Mr. Jerram saw it, were the location of its stores—mainly in the affluent South East once the loss-making chain in the South West

they explored the economies of scale. Instead of putting the emphasis on price, the stress at Budgen's was to be on choice.

The first experiment was carried out at Mill Hill in a shop of around 2,000 square feet. The stock assortment was increased by 30 per cent, with 160 new lines being added to the canned fruit and vegetable section alone, and far more ethnic lines stocked than before. At the same time fresh foods were improved, as were the delicatessen and off-licence sections.

The experiment was judged to be a success. Sales were up and gross margins improved as a result of increased sales of the higher margin lines. Gross margins on "basic" lines were kept at around their old level. Since then eight of Budgen's 60 supermarkets have been given the full conversion treatment while most of the supermarkets have increased their stock assortment to a limited degree.

In most of those stores which have been fully converted to the new image, the range extension has been concentrated on four main areas—soups, canned fruits and vegetables, and sauces. But at the same time local managers have been encouraged to build up their own specialities to suit local tastes. In North London, for example, they tend to sell more kosher lines while in Torquay, a great emphasis has been put on Greek.

The result is an array of products which is quite astonishing to anyone attuned to the normal supermarket selection (who can afford fruit at over £1 a tin in these hard times? Quite a lot of people in North London, according to Jerram.)

The approach is not, of course, new. Before the supermarket came along it was what many family grocers were doing, and more recently Oakeshott's launched a similar operation though, unlike Oakeshott's, Budgen is not offering either credit or home delivery.

Nor is the idea of unlimited application. It only really has any chance of success in middle class areas. Jerram estimates that about 40 of his 60 supermarkets could benefit from such a conversion. The rest will continue trading much as before for as long as they make money.

No cash such a large assortment be introduced into the 100 or so stores with sales areas of under 4,000 square feet. Some of the very small shops in middle class areas will be turned into "food specialists" which will sell only gourmet lines. The rest will be run as "mini-markets" and neighbourhood convenience stores.

At the moment the new approach has paid off both in higher sales and profits. The exact nature of this recovery will be spelled out in Bookers' results due later this month, though Budgen's is still a relatively small part of the group's total operation.

AN INDICATION of the nervousness of the American advertising industry towards consumer tastes came this week when the controversial Thames Television programme, The Naked Civil Servant, went on on New York's Channel 9 on Tuesday evening with not one U.S. domestic brand advertiser taking time.

American advertising support for the Thames take-over of Channel 9, WOR-TV, has been cautious, but companies like Eastern Airlines have bought a great deal of time. The Naked Civil Servant, the story of homosexual Clement Crisp, proved too much for them. Danone, Yoghurt and Sony were the only non-British advertisers prepared to take a chance.

All this is a remnant of the days of full-blooded sponsorship of American television. Consumers still tend to link the

content of the show with the advertisers and thus protest to manufacturers, not to the station.

The major advertisers have been frightened to some extent by the content of "our shows." In New York, it is said, in this week has been a modest success. British advertisers have included Cunard, British Rail, EMI (a Thames shareholder), Harrods and the British Tourist Authority.

Early ratings indicate that WOR is doing a great deal better with Thames in command than it did on its own last year during the Labour Day week. Preliminary ratings show that about one in 15 New York homes were tuned in to the most popular Thames show.

The result is that Thames is getting some late money, and by the end of the week the major agencies should have come in with a further \$25,000. All of which will help close the "tens of thousands" gap between the reported \$500,000 cost of the Thames experiment and receipts so far.

THERE has been a lot of talk recently about independent media buying operations and creative consultancies taking business away from advertising agencies but very little factual information about the situation.

Now some research by Professor Bill Evans, who worked in London agencies for fourteen years and has just become Professor of Marketing at Acadia University, Nova Scotia, provides some remarkable figures, suggesting that major advertisers are deserting the agencies in favour of consultants.

In 1969 Bill Evans questioned a representative sample of 56 companies about their advertising structures. Forty-eight were then using an advertising agency. He repeated the exercise five years later and discovered that only 33 were doing so—an astonishing change.

The main beneficiaries from this disillusionment with agencies were the creative consultancies, who increased their activity by 300 per cent, followed by a 150 per cent. expansion for in-house systems, and a 150 per cent. gain for external media buying.

Even the 33 companies still employing an advertising agency were dubious about the connection. Less than half thought the service they were getting was good while 40 per cent. were dissatisfied in particular with the creative work. There is also a bias against the commission system.

These startling facts are presented in more detail in the forthcoming issue of Admap. They seem to go against the advertising world as seen from London, and it could be that major advertisers were not included in the survey, the 33 agencies questioned had a total advertising spend of only £3.6m. in 1973).

## AGENCIES AND THE CITY

### The five survivors fight prejudice

BY ANTHONY THORNCROFT, MARKETING EDITOR

THIS week Kimpher, the public relations advertising agency, held its annual general meeting and explained to those few shareholders that were interested how the company recorded a net loss of £298,000 in 1975-76.

For some City observers Kimpher's experience just confirms their prejudices that advertising agencies, the service companies par excellence with no fixed assets only fickle executives, should never seek a public quotation.

In fact the small band of agencies that are public—Kimpher, Collett Dickinson Pearce, Geers Gross, Brunnings, Saatchi and Saatchi-Compton, and OBM (an American company with a London quote)—have a remarkably good record. It is very unlikely that in the predictable future, they will be joined by any more agencies (at the moment it is equally unlikely that any company, in any field, dare risk the fiasco which has hit the recent crop of public quotations) but, on the whole, they are a fine advertisement for advertising.

Looked at individually Saatchi and Saatchi-Compton has managed to increase its profits in each of the past five years, and in its latest results, for the six months ending March 21, produced a profit of £460,000 on billings of £17m, plus (and for agencies billings aren't the same as turnover). Results for the second half year are likely to be even better, given the fact that the newly formed agency (it was just a year ago that the unquoted Saatchi and Saatchi got together with the quoted Comptons) has pushed up billings by over 50 per cent. in the first six months of 1976.

Collett Dickinson Pearce is another very solid agency, doubling its profits in the last five years to £680,000, and likely to make even more in 1976. Geers Gross has been consistent, maintaining profits within the £150,000 and £220,000 band in all the last five years.

Brunnings, the oldest public company with a quote stretching back to 1961, is rather different from the rest in having 40 per cent. of its income deriving from advertising agencies, such as Lytle, Stowe and Bowden, and did its profits really slump, and that was due to a bad debt of £180,000 arising from the collapse of a client, the Lyon Property Group. The only agency to experience real problems has been Kimpher, which was also hit by a bad debt, £210,000 from Brentford Nylons.

It could be that the advertising agencies are now viewed with less suspicion for in the last year their share price has risen by 45 per cent. as against the FT index increase of 15 per cent. But no quoted agency has a market capitalisation of more than £2m, despite the fact that they yield on their shares is up to sometimes helps in getting new double the market average of business because advertisers like

6.5 There is still prejudice the financial respectability, and the need to satisfy shareholders means that the agencies have to run on a cost-conscious basis. As Maurice Saatchi says "any and it is a pity that some situation where going public of the multinational American agencies, which still dominate L.K. advertising, do not have

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London quotes, and thus widen the range and respectability of this sector. For the key characteristic of British advertising is its stability. In the last six years the list of the top ten agencies shows only three changes—Saatchi, CDP, and Foot Cone Belding replacing Lintas, Wasey's and Benson (which merged with Ogilvy and Mather so is still there really).

In addition since 1971 the comparative profitability of the IPA agencies has been greater than the total industrial sector in every year except 1975. The majority of advertising agencies are now well run organisations (productivity per head has increased about six-fold in 10 years) with a wide range of clients who tend to remain faithful for at least seven years. Both the public and private agencies are currently enjoying a boom which in the next year is predicted to produce real growth of 10 per cent. over 1975-76. So why the prejudice?

It partly stems from bad publicity in the past, especially the Dorland-Benson-John Bentley asset stripping fiasco, and from the fact that an older generation of small British-owned advertising agencies, such as Lytle, Stowe and Bowden, and Pemberton's, proved something of a disappointment as public agencies.

In addition there was at one time an inclination for agencies to go public so that their founders could reap a reward for their success—it does seem that Kimpher's operation.

Today the men running the public agencies are committed to advertising, and reckon that their quote hardly impinges on their day-to-day activities. It sometimes helps in getting new business because advertisers like

little bit sharper on internal disciplines. So the advertising agencies with City quotes would not want to be, and should not be, viewed differently from the advertising industry as a whole. Jibes about "the assets going down in the lift" and "advertising being the first budget reduced during a recession" are only half the truth. If anything the recession has forced increasingly well managed agencies to be even more efficient, and it has also dislodged good personnel from moving on.

The quoted agencies are something of a disparate group—Saatchi-Compton and CDP have much in common; Geers Gross is still around 75 per cent. a television company, working for mainly packaged goods clients; Brunnings is slanted towards the Press and the provinces; while the Kimpher group has profitable agencies, like KMP, thriving, and others slowly and steadily picking up momentum. It is hard to see any additions to the five-likely candidates French Gold Abbott and Kirkwood have taken the "easy alternative and sold out to Kenyon Eckhardt and Lopez respectively; the successful private agencies give their owners a very good living without the worry of keeping shareholders happy.

But those that exist deserve to be taken more seriously, especially as they seem certain to enjoy the current advertising boom to the full. At the moment there is little dealing in their shares—Saatchi Compton, the largest, reckons six transactions a week to be quite a lot.

The agencies are now attempting to get the institutions to buy. Individuals who know the business are quite loyal—the largest shareholder in Kimpher, with about a quarter of the shares, is Christopher Osborne who is also the owner of the Osborne advertising group. And he is adamant that his stake is a good investment not an attempt to buy a public agency by the back door.

workers by way of the populars—and the Morning Star. So far £300,000 has been spent, all the initial advertising budget, but the National Water Council is planning more advertising, at least this value. McCann-Erickson is the agency.

● HADDON'S-WPT is to promote a new fragrance for Elizabeth Arden. Called Chloé it is a top-of-the-market fragrance only available in 28 U.K. stores.

## Water on TV

THE National Water Council is extending its "save water" campaign. To-night see the start of television commercials, and on Friday Lord Watkinson and Len Murray join the fight. Lord Watkinson appealing to employers through the quality press and Len Murray getting at the

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## Agencies lose out

THERE has been a lot of talk recently about independent media buying operations and creative consultancies taking business away from advertising agencies but very little factual information about the situation.

Now some research by Professor Bill Evans, who worked in London agencies for fourteen years and has just become Professor of Marketing at Acadia University, Nova Scotia, provides some remarkable figures, suggesting that major advertisers are deserting the agencies in favour of consultants.

In 1969 Bill Evans questioned a representative sample of 56 companies about their advertising structures. Forty-eight were then using an advertising agency. He repeated the exercise five years later and discovered that only 33 were doing so—an astonishing change.

The main beneficiaries from this disillusionment with agencies were the creative consultancies, who increased their activity by 300 per cent, followed by a 150 per cent. expansion for in-house systems, and a 150 per cent. gain for external media buying.

Even the 33 companies still employing an advertising agency were dubious about the connection. Less than half thought the service they were getting was good while 40 per cent. were dissatisfied in particular with the creative work. There is also a bias against the commission system.

These startling facts are presented in more detail in the forthcoming issue of Admap. They seem to go against the advertising world as seen from London, and it could be that major advertisers were not included in the survey, the 33 agencies questioned had a total advertising spend of only £3.6m. in 1973).

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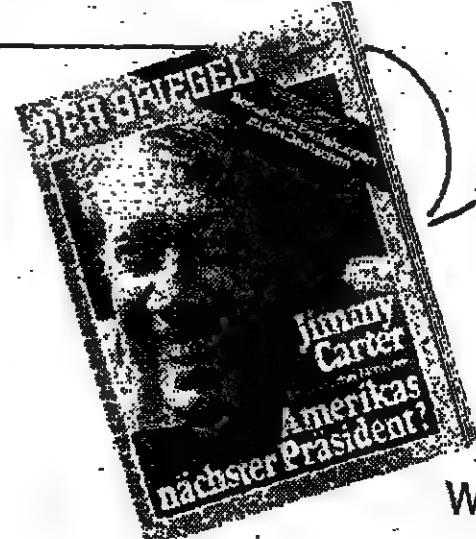
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For further details ring up Barbara Scott\* of IGP (Der Spiegel's United Kingdom representatives), Danes Inn House, 263 Strand, London, W.C.2—Tel. 01-405 8088/4534.

\*She will also send you samples of successful advertisements in Der Spiegel—with comments from a highly qualified source, namely the advertisers themselves.

Source: for all statistics LAE "An analysis for 12 selected publications, and MA 76, Germany's only advertising directory for national readers' survey.



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THURSDAY, SEPTEMBER 9, 1976

## A strike at the TUC

THE STRIKE called by the National Union of Seamen from midnight on Saturday is a strike against the Trades Union Congress. It is the TUC that should be obliged to make the first effort to solve the economic and political problem posed by the threat from the seamen: it is, after all, the "social contract" that is being challenged as much as the Government's incomes policy.

The economic debate at the Congress in Brighton yesterday serves to underline this point. A number of strong criticisms of the Government were made, particularly over the level of unemployment, and a number of familiar "solutions" were offered, especially the imposition of import controls. There was a certain amount of sound-biting, and there were grave warnings from most speakers, including the more prominent among them, that there must be a return to free collective bargaining at the end of next summer.

### In support

Yet in spite of all this the general tenor of the debate was in support of the Government's overall economic strategy, which is hardly surprising in view of the close association of the TUC in the design of that strategy. As Mr. Len Murray put it, the trades unions must either support the incomes policy agreement with the Government or "lurch back into the morass of confrontation." He did give the ritual warning that the Government must never take the TUC for granted, but pointed out that in June the Congress had renewed its pact with the Labour Government and that was not going to be changed now.

In these circumstances it is only to be expected that some groups of workers will strike for more money undeterred by the compact between the Government and the TUC. A number of British Leyland strikes have their origin in such feelings; the united disapproval of

## Italy's gold price grievance

THE FALL in the gold price has now reached the stage at which the pinch is beginning to be felt not only by the major producers, like South Africa, but also by countries like France and Italy that hold a major proportion of their reserves in gold. Last week Italy decided to repay a quarter of its \$2bn. loan from West Germany, rather than commit more gold in collateral to offset the drop in market prices. The Italians clearly feel that the IMF's planned series of 16 gold auctions is a key factor depressing the price or at least the only one they can influence, and yesterday it became known that the Italian authorities, apparently with French backing, have asked the Fund to hold the sales less frequently.

### Next auction

Although there has been an official reaction from the Fund, it seems likely to go ahead with the next auction, the third, which is set for next Wednesday. Italy, meanwhile, will try to line up EEC support for its request when the Community's Monetary Committee meets in Copenhagen to-morrow. Privately, however, the Fund argues that its auctions are not the main cause of the recent slump in the gold price from a peak of almost \$200 an ounce at the beginning of last year. And it is true that other factors are at work—speculative demand has ebbed with the easing of inflation, and Russian sales may also have had an influence. But there can be little doubt that in the market's view the IMF auction, and particularly their regular pattern, are having a major psychological impact. Certainly the Fund will have to take extreme care in fixing its minimum price for Wednesday's auction.

What is clear is that the inherent ambiguities of the Fund's policy are becoming increasingly evident, as many sceptics predicted when the decision in principle to go ahead with the sales was taken in August last year—at a time when the price was around \$150 an ounce. The two major objectives, backed in varying

degrees by different Governments, were to "demonetise" gold, or at least reduce its role in the system, and provide development funds for the world's poorer countries. It is difficult, however, to see how the two can be reconciled in the medium or long-term. Regular IMF gold sales are bound to have a depressing effect on the price—indeed one of the main purposes, at least in American eyes, is to make gold less attractive as a reserve asset. But the further the price goes down, the less the developing countries, who receive the profits from the sales, will benefit.

### Annual meeting

On the other hand, it would clearly be unwise to press ahead with the auctions regardless of the consequences. The aim must be an orderly transition to a system in which gold plays a reduced or minimal role. If it turns out that the present policy is likely to prove needlessly disruptive, it should be reviewed—though not at the expense of the poorest countries. The Italians may have moved too late to prevent next week's auction taking place. But they have also asked for a discussion of the whole arrangement at the Fund's annual meeting in Manila early next month. Italy already has enough problems. If Rome has a serious quarrel against IMF policies, there is no reason why it should not

DAVID ROGERSON and Andy Brown are entitled to ask about the reasons for the apparent erosion of Britain's youngest industry, the oil platform construction business. Both are employed at Redpath Dorman Long's construction yard at Methil, Fife. With 1,350 of their colleagues they face being made redundant next February because of an empty order book. The Graythorpe yard of Laing Offshore has already suffered this fate: most of its 1,800 workers were laid off a month ago following the delivery of a steel platform for Burnah's Thistle Field.

Mr. Rogerson and Mr. Brown had believed that the emerging offshore oil industry would provide them an assured future. Like so many of the RDL employees they once worked at Wellingborough, the site of the Methil yard. They left the National Coal Board because they were concerned about the future for Scottish pits.

"I came here because I thought I was doing the right thing. I left Wellingborough after 17 years when I saw the way pit closures were developing," Mr. Rogerson, aged 42, an electrician, said. After a further eight years working locally and in Edinburgh, he joined RDL, a subsidiary of the British Steel Corporation. The Methil yard was opened in 1972, having cost £14m. to develop. "I was delighted to find work on my doorstep again. We were promised work for at least 30 years; that prophecy looks pretty sick after just four years."

## No prospect of other jobs

He is now bracing himself for a drastic change in his life. His wife, Janet, also works at the RDL yard, as a part-time canteen assistant. They have two daughters, one of whom is at school. "From a basic wage of £80 a week I am facing the dole for the first time in my life. Like the rest of the men I am sad and depressed because there are no prospects of other jobs within miles of here."

Mr. Brown, a fitter, was one of the last men to be employed at the Wellingborough Colliery. As his job ended he saw the first earth-movers demolishing the old pit buildings to make way for the new oil technology.

"Oil was to be our bright new future. Now all that is left is the blackness."

He recognised that some of the work force had become unsettled, envious of the big redundancy payments to many of the Graythorpe employees. "They want the golden brick here and a quick move to another site. But most of the Government's Offshore Support workers here are settled. We appreciate the company view realistic production rate would

which, earlier this year, were the North Sea by 1980, directly employing over 10,000 workers on platform fabrication. Of the eight, five are now active: Graythorpe has now closed (it hopes temporarily); ANDOC's Hunterston new dock has yet to receive its first order; and the Government-owned dock at Portavadie has still to be completed. This leaves Methil, Highland Fabricators Nigg Bay yard on the Cromarty Firth, and McDermott's Ardara yard with less than nine months' work on hand; and two concrete platform sites—McAlpine Sea Tank's Ardara Point and Howard Doris's Loch Kishorn—with work stretching into autumn 1977, and possibly beyond.

David Rogerson and Andy Brown can be forgiven for having been over-optimistic about work prospects in the platform fabricating industry. The oil industry and the Government also got their sums wrong.

Theoretically, the yards have enough capacity to handle 11 here and a quick move to another site. But most of the Government's Offshore Support workers here are settled. We appreciate the company view realistic production rate would

able possibility of orders for just three or four structures being placed next year or by early 1978, he added. The U.K. Offshore Operators' Association said yesterday that it would not disagree with this forecast. So the immediate prospects for those that are running out of work are bleak, but perhaps not as bleak as thought. Every

## Two more finds

The Transworld Group is expected to be one of the first to announce a development programme. The appraisal well now being drilled on block 21/1 could, if successful, be used as a production well for the Buchan Field. Another early decision concerns Tassco's Tartan Field while Continental Oil has confirmed that it is investigating the commercial potential of its Murchison find.

Three other possibilities remain. For some time now, Total has placed with Howard Doris a letter of intent for a platform for the Alwyn Field on block 3/14. It might decide next year to proceed with a scheme for this find, or one on nearby block 3/8. Many in the offshore industry have also been hoping that Phillips would opt to develop the Maureen Field in 1977 although this prospect has receded in the light of two more recent encouraging Phillips finds—Thelma and Renee, both of which are currently being evaluated with further wells.

The third possibility concerns Pan Ocean's important Brae Field which could emerge as one of the biggest finds in the North Sea. Pan Ocean said a few days ago that it hoped to start formal evaluation of commercial prospects later this year.

These general assumptions disguise the complexity of decision-making. One of the reasons for the two-year hiatus in platform ordering is the rapid changes which are occurring in the offshore industry. Norwegian Contractors will soon announce that they are to build—in Norway—a

platform is delivered, and there have been several such occasions this year, a shudder runs through the industry.

Tuesday saw a happier event at Howard Doris's Loch Kishorn dock. The central platform for Chevron's Ninian Field was floated out for deep water construction work. The structure, now weighing a third of its total 450,000 tonnes, is not due to be completed until next autumn so the group's 1,600 work-force have their jobs assured until at least April.

Mr. Albert Granville, managing director of Howard Doris, was understandably in a happy mood: "I would be embarrassed to get another order now. In order to maintain continuity we need one about May or June, and this is a possibility. Three months—things are going to plan." Indeed, he went further to state that the company would receive an order in spring—and that it might even turn down one possible contract.

However much the comments

appear to be out of keeping with the mood in the industry as a whole, they do indicate that the ordering climate may be improving. According to at least two official surveys of the offshore oil industry, the development of up to eight new fields may be authorised next year. This is in addition to the 14 fields declared commercial so far. Some operating groups have openly intimated their intentions.

## Continuing changes

Platform fabricators are solely to blame for these delays. There have been many problems at some of the oil companies have treated many of the construction programmes by "hoisting continuing design changes."

Laird Offshore and RDL that yard closure will not be a disaster. Their chances of obtaining future orders. Government union efforts to find inter-work for the labour force in failed, so Laird Offshore mothballed its facilities on care and maintenance but RDL will probably do the same. But they will not find it to re-assemble a skilled team versed in new and changing technology, particularly in the light of so recent an experience as the closure of the yard.

David Rogerson and Andy Brown, and those like them, longer have the euphoric view of the prospects offered by a North Sea oil venture.

Prospects in a hard hit industry may be a little less bleak than they look. Ray Dafter reports.

# North Sea platforms: hope on the horizon

## NORTH SEA: THE PRODUCTION SCHEDULE

Field	Yard	Platform	Installation Date	Production Start-up
ARGYL	Transworld Nig	—	Installed Feb. 1975	Producing June 1975
AUK	Methil	—	Installed July 1974	Producing Feb. 1976
BERYL	Stavanger	—	Installed July 1975	Producing August 1976
BRENT (Oil)	Stavanger	—	Installed August 1975	September 1976
BRENT (Oil)	Methil	—	Installed May 1976	—
BRENT (Oil)	Ardara Point	—	Early 1977	—
BRENT (Oil)	Stavanger	—	Installed July 1976	—
BRENT (Gas)	—	—	—	Early/Mid 1979
CLAYMORE	Le Havre	—	Installed June 1976	April/May 1977
CORMORANT	Ardara Point	—	May 1977	August/Sept. 1977
DUNLIN	Rotterdam	—	April/May 1977	August/Sept. 1977
FORTIES	Graythorpe	—	Installed July 1974	Producing Nov. 1975
FORTIES	Nigg	—	Installed August 1974	—
FORTIES	Graythorpe	—	Installed June 1975	—
FORTIES	Nigg	—	Installed June 1975	—
FRIGG	Cherbourg	—	Installed August 1975	October 1977
FRIGG	Andalnes (CDPI)	—	Installed Sept. 1975	—
FRIGG	Andalnes (TCP2)	—	April/May 1977	—
FRIGG	Ardara Point (TPI)	—	Installed June 1976	—
FRIGG	Cherbourg (DP2)	—	Installed May 1976	—
FRIGG	Cherbourg (QPI)	—	Installed Sept. 1975	—
FRIGG	Stavanger (MCP1)	—	Installed June 1976	—
HEATHER	Ardara	—	June/July 1977	—
MONTELEONE	Le Havre	—	Installed Sept. 1975	Producing July 1976
NINIAN	Loch Kishorn	—	July/August 1977	June/July 1978
NINIAN	Nigg	—	June 1977	—
PIPER	Ardara	—	Installed June 1975	November 1976
STATFORD	Stavanger	—	April/May 1977	November 1978
THISTLE	Graythorpe	—	Installed August 1976	October 1977
THISTLE	—	—	—	—

Source: Wood MacKenzie

second Condeep platform—the Norwegian/U.K. Statfjord Field. The likely total cost of the structure—some £500m.—is some indication of the investment decisions facing the North Sea operators.

Consequently several offshore groups have been evaluating alternatives to fixed steel and concrete platforms. Transworld, for instance, is almost certain to opt for an early production system involving a semi-submersible platform (possibly converted drilling rig) and shore loading. In this way a field could be on stream by mid-1979. British Petroleum, faced with developing Magnus—a bigger field in deeper, more hostile waters—has been evaluating a tethered tension-legged buoyant platform although it has not disclosed the use of a conventional structure.

A number of companies have also been looking at the prospects of using "submersible" production systems. Shell/Essco have installed an experimental system on the Brent Field on stream shortly.

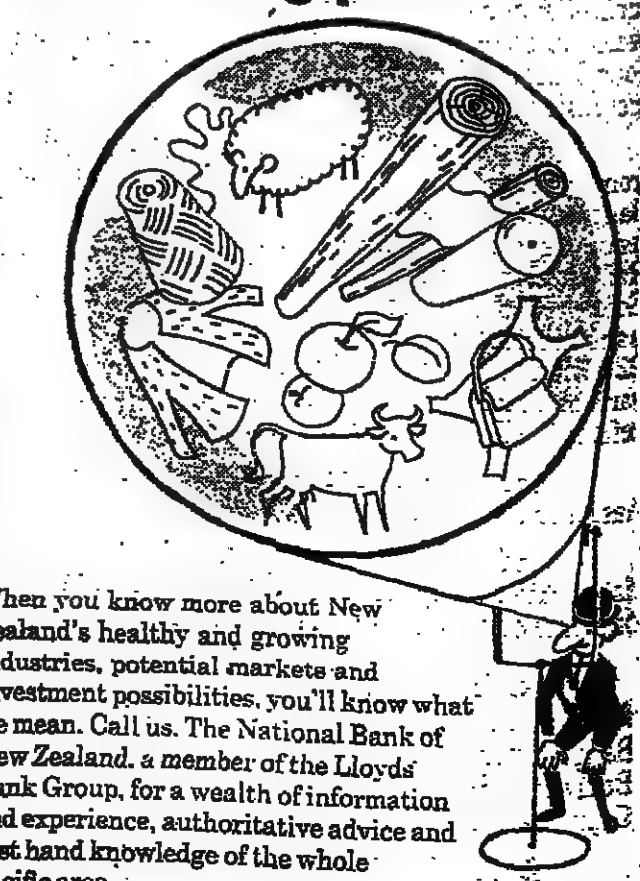
Nevertheless, most of the fields declared commercial this year, will be developed by either steel platforms or concrete gravity structures which poses the question: which order-hungry construction sites will receive the order could, if successful, be used as a production well for the Buchan Field. Another early decision concerns Tassco's Tartan Field while Continental Oil has confirmed that it is investigating the commercial potential of its Murchison find.

Three other possibilities remain. For some time now, Total has placed with Howard Doris a letter of intent for a platform for the Alwyn Field on block 3/14. It might decide next year to proceed with a scheme for this find, or one on nearby block 3/8. Many in the offshore industry have also been hoping that Phillips would opt to develop the Maureen Field in 1977 although this prospect has receded in the light of two more recent encouraging Phillips finds—Thelma and Renee, both of which are currently being evaluated with further wells.

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... and all who strike in her!

was in progress, has since become a member of the NUS executive (which now has 18 members against the 48 in 1966).

Norris was a close associate of Jack Dash, the dockworkers' firebrand unofficial leader who these days leads a quieter life with a good bit of public poetry-reading.

Wilson also named two other (non-Communist) militants who he said exercised influence far beyond their numbers—Slater, then a few months away from his first full-time union appointment as South Shields general secretary, and Joe Kenney, a Liverpool dockman who is still on the national executive. It is perhaps worth recording that, although Wilson produced evidence of meetings with people like Bert Ramelson, Communist Party industrial organiser, those he named were angry in their denials of improper influence.

Slater went on from those curious times to become assis-

ant general secretary in 1970, succeeding the late Bill Hogarth in the top job four years later. He ended 25 years of seagoing as a bosun, emerging as a force in union affairs in 1960 with some fiery speechmaking that showed his enduring hostility to shipowners. Any personal bitterness was heightened after he was struck off the seamen's register that year; he refused a shore job and spent 14 months on the dole.

Slater still manages to look the part of a Tyneside seaman—as president Cyril Plant opened the TUC conference earlier this week with soothing words about preserving the pay policy. Slater's elaborately tattooed arms were well in evidence elsewhere on the platform.

**Coates' wish**  
Apart from the seamen's strike, pay, and pensions, what about the cost of dying? Many of the speeches at the TUC tend to the stodgy, but at least the contribution of David Coates, of the National Union of Funeral Service Operatives, was unusual.

He complained that the death grant was altogether inadequate. "Inflation grips every where, but the grant has stood at £30 for the last eight years. A feasible towards the actual cost, claimed Coates. Most funerals cost around £130 (£130 in the London area), and the cost of a grave plus other incidentals can put the total up to £250. cremation of course being less expensive. Britain does offer the cheapest service in Europe, Coates said, but the Government should offer more. Add it to the list.

**Meaty**  
Butcher's shop sign: "Buy mutton while stocks last. I'll never find another ewe."

Observer



## ADVERTISEMENT

# The Crown Agents



## Services to the world

JOHN CUCKNEY, Senior Crown Agent since 1974, discusses the Crown Agents' work and future.

What are the Crown Agents? Perhaps I may begin by telling you what the Crown Agents do. They have never been their beginning in 1833, still are not a government department. They are not a corporate legal entity, and they are not a formal constitution. Crown Agents themselves are individuals, each of whom always been appointed by the Minister of the Crown to exercise functions on behalf of the Crown. Such appointments are an exercise of prerogative of the Crown, and, always have, servants of the Crown, not appointed by, but also subject to the ultimate control of the Minister of the Crown. Ministers have accepted responsibility for the general policy to be pursued by the Crown Agents. I should like to say, however, that the Minister whom we are responsible—the Minister for Overseas Development—has given assurances, which were repeated in the White Paper on the future of the Crown Agents, that the traditional confidential relationship between the Crown Agents and overseas Principals will be maintained. It is recognised that the customary standards of confidentiality must be strictly observed over the Crown Agents' transactions on behalf of their Principals.

And what does the Crown Agents' organisation actually do? The Crown Agents exist to serve foreign governments and their organisations in whatever way they need professional help. It might be a simple matter to buy the best equipment, or to plan a major project, or to supervise its construction, supply the materials, let the people, manage the money, train the local staff and so on. Or it might be to stay until the project is operating at 100% efficiency. In the last few years the traditional services and activities of the Crown Agents have grown and developed to such an extent that we are now able to offer to our Principals a greater range of help on their requirements than ever before in our 143 years.

Why do countries use the Crown Agents? "I think we are unique in that I know no equivalent organisation which provides a service to the developing countries in the way we do, and with such impartiality and independence. Although our sphere of activities has changed, our principles remain the same as they always were—to provide a professional service that gives the best technical and financial advice, chooses the best men and procures the best goods that are available anywhere in the world for our Principals." Do you still work mainly for members of the Commonwealth? "Yes, about two-thirds of Principals are members of the Commonwealth." For whom do the Crown Agents work? "Quite categorically for their Principals and as agents we aim solely to meet their requirements. We have over 300 Principals from 103 countries." How do you charge? "The Crown Agents are a public service and over their traditional work have always attempted to conduct their business so that their remuneration is not less than sufficient to provide adequate reserves and to meet all the appropriate expenses."

Do you buy only British? "No. Where we buy will depend upon the instructions of our Principal and on price, quality, competitiveness generally and delivery dates, so that

from the Principal's point of view a 'best buy' is achieved. However, last year out of total purchases of £163m, approximately £110m, worth was purchased in the U.K."

Are you civil servants or business men? "Neither. We are technically Crown servants providing a public service facility to overseas governments and public corporations. We do not work for any private sector organisation. As the recent White Paper to which I have just referred outlines, it is the intention, subject to legislation, to turn the Crown Agents into a public corporation which will result in us at last having a clearly defined legal personality. I very much welcome this proposal as it will clarify the relationship between the Minister and Parliament and the Crown Agents. It will be a great improvement to have a clear distinction between, on the one hand, the Government's responsibility for broad oversight of the Crown Agents, and on the other hand, our own operational responsibility which I should like to emphasise once again will continue to be exercised without disturbing the very important confidential relationship between the Crown Agents and their overseas Principals."

Turning to finance, do you make a profit now? "Our results for 1975 will show that we have made a healthy operating surplus. The surplus is needed to ensure we can maintain and improve the quality of the service we provide."

Are you backed by the Government? "Yes, in general terms we have always been 'backed' by the Government in that we are servants of the Crown subject to the ultimate control of Ministers and subject to their responsibility for our general policy. More specifically we are 'backed' by the 1983 Government grant made in December 1974, and by the assurances of support that the Government has given."

What was the reason for the Government grant? "As you know a Committee has been established under the Chairmanship of Judge Fay to look into the circumstances which led to us seeking financial support from the Government. I am sure a full answer to this question will be given in the report of this Committee. In the meantime, I think it inappropriate to go further than to refer to what was said in the White Paper on the general subject of our financial difficulties."

Are you viable in today's world? "Yes, on current operations and sticking to our traditional business. Not, however, if one takes into account the very considerable burdens which arose from our financial difficulties. These are now to be accounted for separately so that it will be easier to judge our performance in executing our traditional work unclouded by the cost of the financial difficulties, which all arose incidentally, in operations on 'own account' activities in an attempt to build up reserves."

Should you still do all the work you do? "Yes, and perhaps more. We are a high break-even point operation and need to maintain and increase our turnover. We must also adapt to meet the changing requirements of our Principals especially in offering more of our services in a more integrated and sophisticated manner. For instance, we are becoming more involved in feasibility studies, maybe acting in a managing agent capacity for a major contract, dealing with procurement, with certification and appraisal of progress and the drawing down of pay-

ments; handling the commissioning of plant, and looking after the all-important subject of recruiting the key people who then have to operate the new project when it is fully developed. I think our future lies in linking some of our services and presenting them in a more co-ordinated manner."

And I think our future particularly lies in providing total assistance over the setting-up, running and progressing of major projects."

Are there any better experts to carry out your work? "In some specialist areas, yes, and we do indeed use and involve a large number of private sector consultants and advisers; but in the general range of our traditional services we are a highly expert public service organisation, meeting the requirements of Principals who wish to find a public sector solution to their problems. They are, of course, at liberty to go wherever they like, but if for various reasons they wish to use a public service organisation with a high standard of impartiality and integrity then we offer it."

Are you involved in arms sales? "Yes. Since 1833 we have been involved in purchasing to meet originally the requirements of colonial territories and subsequently of independent countries in the defence equipment field. Over the years these requirements have become much more elaborate and often now involve the provision of training and maintenance services, and of supporting infrastructure."

Are you involved in the Aid programme? "Yes. A great deal of our business is with the Third World. We have considerable experience of government methods of working and in some respects we are almost an extension of some of our Principals' government departments in London. We are often involved in the administration of UK Government Aid and also act in the role of 'borrower's representative' when loans are provided to Principals by multilateral Aid agencies such as the World Bank."

Do you have offices overseas? "Yes, we have overseas

representatives' offices in North America, South-East Asia, the Middle East, East Africa, West Africa and the Caribbean. We also have a subsidiary company in Iran and staff engaged on secondment or on operations in many countries apart from our overseas representatives."

What is the future for the Crown Agents? "Within the framework outlined in the White Paper on our future I expect the Crown Agents to continue to develop their valuable, traditional services which they have for over a century provided to Principals. As I said earlier, these services will change as the demands of our Principals change. And adaptability is important."

We are involved with the fastest changing countries in the world—the developing countries—and the whole justification for our continued existence is that we offer a unique public service to the Third World."

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## Building the future

The Crown Agents are involved in engineering projects from roads and pipelines to television and satellite stations. Their key contribution to the developing nations, SIMON PLUNKETT suggests, lies in the development of their management teams.

The Crown Agents Engineering Services Directorate is the fastest growing part of the organisation's participation in the Third World countries' developments. In recent years it has been involved in projects as diverse as installing a complete colour television service in Brunei, a new airport at Golden Rock in St. Kitts, a new road across St. Lucia, pipelines through Jordan, hydro-electric projects in Indonesia, the new capital of Belmopan in Belize and railway bridges in Iraq. At the present moment they are involved in projects in Africa, the Middle East, the Caribbean and the Far East.

The origins of the Engineering Services spring from the Crown Agents' main and original role—that of a supply and procurement agency to the Colonies from 1833. The development of procurement on the removal of the Colonial a widening front had involved the supply of engineering equipment of all kinds to countries whose Public Works Departments were staffed by experienced expatriate engineers to assist them to cope with the ambitious development plans. One of them realised that in the Crown their main concerns were the procurement of materials and equipment and this led to the service organisation which could growth of the Crown Agents' offer engineering advice on highly specialised engineering every type of public works purchasing organisation in London without any commercial bias. This had the responsibility and on a public service basis, of ensuring that whatever was Engineering specialists within ordered by the Principal was the Crown Agents were increased

CONTINUED ON NEXT PAGE

# Where £110m of our exports went last year.

First, it must be said that it was just one organisation that placed the orders which resulted in £110m.

### The Crown Agents.

The paradox is, although that total of £110m makes up a very large group of export orders for this country—certainly making us in effect one of Britain's more significant export agencies—there are some people unaware of what we do and who we deal with.

We are Crown servants whose office it is intended should become, subject to legislation, a Public Corporation. Our function is to serve overseas governments and State organisations—our Principals—in whatever way they need professional help.

The services we provide have ranged from supplying 26,000 kilos of medical stores to Bangladesh to asking for, and evaluating, tenders for new carriages for the Malaysian Railways; from supervising the construction of Golden Rock airport at St. Kitts to supplying transmission cables to Fiji; from administering £2 billion of British and International aid to various third-world countries to supervising the refit of the British Antarctic survey ships.

Since 1833, no request for our services has been too large or too small.

And who do we deal with? The following list of Principals who have used our services at one time or another will give you an idea.

### GOVERNMENTS:

Abu Dhabi; Antigua; Bahamas; Bahrain; Bangladesh; Barbados; Belize; Bermuda; Botswana; British Antarctic Territory; Brunei; Cyprus; Dominica.

Dubai; Egypt; Ethiopia; Falkland Islands; Fiji; The Gambia; Ghana; Gibraltar; Gilbert Islands; Grenada; Guyana; Hong Kong; Indonesia; Jamaica; Jordan; Kenya; Lesotho; Malawi.

Malaysia; Federation of (Johore, Kedah, Kelantan, Melaka, Negri Sembilan, Pahang, Penang, Perlis, Sabah, Sarawak, Selangor, Trengganu); Mauritius; Montserrat; Nepal;

New Hebrides—British Service; New Hebrides—Condominium.

Nigeria, Federal Government (Anambra State, Bauchi State, Bendel State, Benue State, Borno State, Cross River State, Gongola State, Imo State, Kaduna State, Kano State, Kwara State, Lagos State, Niger State, Ogun State, Ondo State, Oyo State, Plateau State, Rivers State, Sokoto State).

Oman; Pakistan; Papua New Guinea; St Christopher-Nevis-Anguilla; St Helena; St Lucia; St Vincent; Saudi Arabia; Seychelles; Sierra Leone; Singapore; Solomon Islands; Sri Lanka; Sudan; Swaziland; Tanzania; Thailand; Tonga; Trinidad and Tobago; Turks and Caicos Islands; Tuvalu; Uganda; United Arab Emirates; United Kingdom; United Republic of Cameroon; (West Province); Western Samoa; Yemen Arab Republic; Yemen, People's Democratic Republic of; Zambia; Zanzibar.

### PORTS AND HARBOURS:

Solomon Islands Port Authority; East African Harbours Corporation; Gambia Ports Authority; Kelang Port Authority; Kuching Port Authority; Nigerian Ports Authority; Penang Port Commission; Port of Aden Authority; Sierra Leone Ports Authority; Singapore Ports Authority.

### RAILWAYS AND TRANSPORT:

East African Railways Corporation; Indonesia State Railway; Jamaica Railway Corporation; Kowloon-Canton Railway.

Malayan Railway Administration; Nigerian Railway Corporation; Sabah State Railways; Sierra Leone Railway; Sri Lanka Railway; Sri Lanka Transport Board.

### BANKS AND CURRENCY BOARDS:

Asian Development Bank; Bank of Indonesia; Bank Negara Malaysia; Bank of Botswana; Bank of Ghana; Bank of Guyana; Bank of Jamaica; Bank of Mauritius; Bank of Sierra Leone.

Bank of Tanzania; Bank of Uganda; Bank of Yemen; Bank of Zambia; Belize Currency Board; Bermuda Monetary Authority; Board of Commissioners of Currency; Singapore; Brunei Currency Board; Caribbean Development Bank.

Cayman Islands Currency Board; Central Bank of the Bahamas; Central Bank of Barbados; Central Bank of Cyprus; Central Bank of Gambia; Central Bank of Jordan; Central Bank of Kenya.

Central Bank of Nigeria; Central Bank of Trinidad and Tobago; East Caribbean Currency Authority; Fiji Central Monetary Authority; The Monetary Authority of Singapore; Reserve Bank of Malawi; United Arab Emirates Currency Board.

BROADCASTING, POSTS, COMMUNICATIONS AND ELECTRICITY: Bahamas Electricity Corporation; Bahrain Electricity Department; Solomon Islands Electricity Authority; Ceylon Electricity Board; Cyprus Broadcasting Corporation; Dubai Radio and Colour TV Service; East Africa Power and Lighting Co. Ltd.

East African Posts and Telecommunications Corporation; Electricity Supply Commission of Malawi; Fiji Electricity Authority; Fiji Posts and Telecommunications Department.

Guyana Telecommunications Corporation; Jordan Ministry of Posts and Telegraphs; Jordan Telecommunications Corporation; Mauritius Central Electricity Board; National Electricity Board of the States of Malaysia; National Electric Power Authority (Nigeria); Nigerian Broadcasting Corporation.

Public Corporation for Electric Power; People's Democratic Republic of the Yemen; Sabah Electricity Board.

Sarawak Electricity Supply Corporation; Sarawak Posts and Telecommunications; Sierra Leone Electricity Corporation; Singapore Telecommunications Authority; Swaziland Electricity Board.

Thailand Metropolitan Electricity Authority; Voice of Kenya; Western Nigeria Government Broadcasting Corporation; Zambia Electricity Supply Corporation Ltd; Zanzibar State Pael and Power Corporation.

UNIVERSITIES AND SCHOOLS: Ahmadu Bello University; Benin University; Benin University Teaching Hospital.

Eastern Caribbean Farm Institute; Enugu Institute of Management and Technology; Fourah Bay College; Gulf Technical College, Bahrain; Hong Kong University; Ibadan University; Ibadan University College Hospital; Kaduna Polytechnic; Lagos University Teaching Hospital.

Makerere University, Kampala; Malawi University; Mara Institute of Technology Library; Mauritius University; Mombasa Polytechnic; Nigerian Civil Aviation Training Centre.

Njala University College; North East College of Arts and Sciences, Nigeria; Uganda Technical College; University of Botswana, Lesotho and Swaziland.

University of Calabar; University of Ife; University of Malaya; University of Nairobi; University of Nigeria; University of Singapore; University of South Pacific; University of West Indies; Zaria College of Arts, Science and Technology.

The Crown Agents also act for the United Nations and as authorised Agents for projects financed by the International Development Association, the International Bank for Reconstruction and Development (World Bank), the Asian Development Bank and the African Development Bank. In addition to acting in philatelic matters for many of the Governments listed, the Crown Agents also administer the Australian Stamp Bureau in London on behalf of the Australian Post Office.

All very impressive. But of what interest is this to the United Kingdom?

Because of orders we placed last year for our Principals, British Industry benefited by over £110m in exports. And that is not taking into account earnings from 'invisible' exports—banking, recruitment, inspection and project supervision.

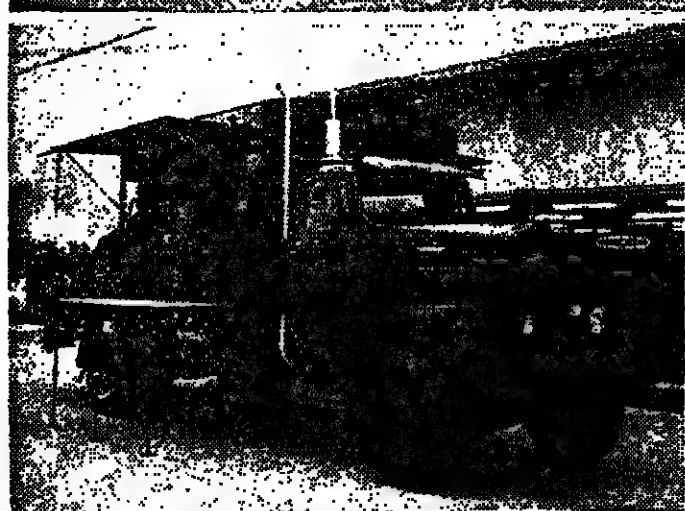
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## Building the future

CONTINUED FROM PREVIOUS PAGE

being asked to provide advisory capacity as part of a procurement service. So it was in 1965 that the Engineering Services Department was set up to co-ordinate the activities of all Crown Agents' engineers. This proved successful and eventually became an autonomous Directorate. In its ten years of separate existence Engineering Services has developed an established pattern of activities, the scope and value of which have increased year by year as the services offered have become known to more Principals, and the advantages of the Crown Agents' methods of operation have become more widely recognised.

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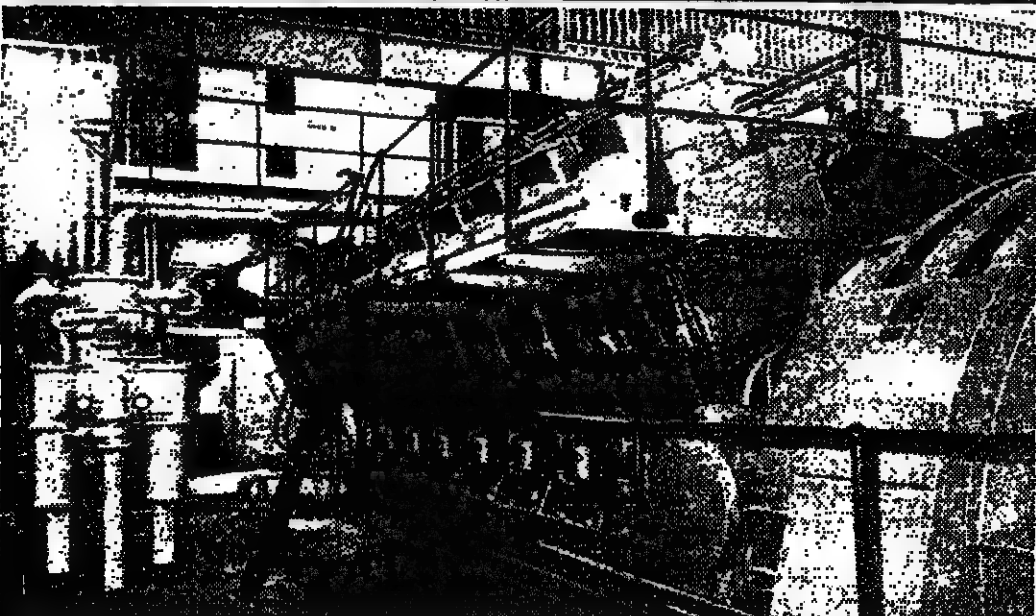
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## Flexibility

The Project Services Division came into being to help Principals who, without adequate professional and technical staff in the field, felt the need for an organisation which could make use of their own labour force and construction equipment as an integral part of their own Public Works Department. This is particularly attractive in areas of high unemployment and where the availability of surplus labour may be a critical factor. The flexibility of a management contract, based on reimbursable costs and a management fee, lends itself more readily than a formal agreement with a contractor, where penal clauses are inherent in the contract and variations can be very costly. At the same time, members of the Principals' own organisations can be fully involved as part of the team, whilst local tradesmen are trained as plant operators, workshop technicians, and in other skilled operations. On completion of a project it is not uncommon for the Crown Agents to train and set up a maintenance team and to leave the nucleus of a construction team for future projects.

In addition, where the project is handled by a private sector consultant or a consortium of consulting firms to meet the wishes of the Principal or Aid donor, the Crown Agents can act as the Principal's agent dealing with administration of the project and the co-ordination of the professional firms involved. This is usually from the feasibility study through the design and tender stages to the payment of the final certificate.

## Management teams

It is the management team approach which has been particularly welcomed by many newly independent countries who have come to call upon the Crown Agents' services. The advantages of the system are obviously particularly attractive to countries who are rich in labour but comparatively poor in capital. The savings in cost brought about by the public service approach, the lack of head office expenses, and the elimination of contractors' claims, together with the flexibility of the progress and the training of local engineers and government staff, have been eagerly welcomed in the last few years. Typical of current projects is the 353km of highway from Mukalla on the coast of South Yemen to the Wadi Hadramaut which is being undertaken in a £15million project backed by the World Bank and Kuwaiti funds. Further work is being carried out in Belize on the northern highway from the Mexican border; and a major road construction project in St. Lucia will join the new airport with the old capital. Other road projects have been completed in Nigeria, Sierra Leone, The Gambia, Malawi, St. Vincent and Nevis. In Ethiopia the building of 400 kms of low-cost roads is under way in Wollo Province; and studies for further roads have been prepared for Grenada and Ghana. In Nigeria a Crown Agents' management team constructed the Zaria water scheme and there are other water projects in Kano and Kaduna.

The Crown Agents do not normally seek work where there are well established local or British consulting engineers and professional firms, or where there are adequate contracting organisations, as these will always be better placed than a wholly expatriate approach. However, there are now some 46 countries in receipt of aid from the newly established EDF situated in Brussels which will administer funds once distributed individually by the aid

In St. Lucia between the old capital of Castries and the new airport at Vieux Fort was a narrow track which bridged the islanders' main sources of revenue—bananas and tourists. The Crown Agents sent in a management team to produce, with local resources, a road more suitable for the life of modern St. Lucia. The management team played a key part in the organisation's engineering services, making use of local skills, labour and resources and injecting a team of experts to handle the job for the local community.

The Crown Agents' engineering services are currently involved in projects valued at over £300 million. One of their most successful recent projects was the first TV service for Brunel, in colour and completed in record time.



estimated at US\$15,000 million. It is the tailoring of services to the needs of developing countries that given the Crown Agents' rapid growth in this area of activities. Most of the engineers have spent much of their lives working overseas and are well versed in the problems of tropical engineering, labour and, perhaps most important of all, have an understanding of the political and domestic problems of people in emerging nations. In addition to their engineering abilities there is probably no other organisation in the world that can offer the breadth of help as the Crown Agents, taking on a project from the preparation of a feasibility study to its final completion covering the design, procurement, supervision, management, the training of local people, the selection of specialists, the inspection of the handing over of the project as an ongoing operation. Perhaps it is not surprising that today over thirty countries in the Third World have asked the Crown Agents to act on their major engineering projects.

## Rural development

The Crown Agents have, therefore, already set up a Rural Development group who will specialise in this aspect of Third World development. It will concentrate on irrigation, rural water supply, rural roads, micropower installations and small community activities. It will be capable of identifying the problems, recommending solutions and then sending in a management team who will work with local experts and labour.

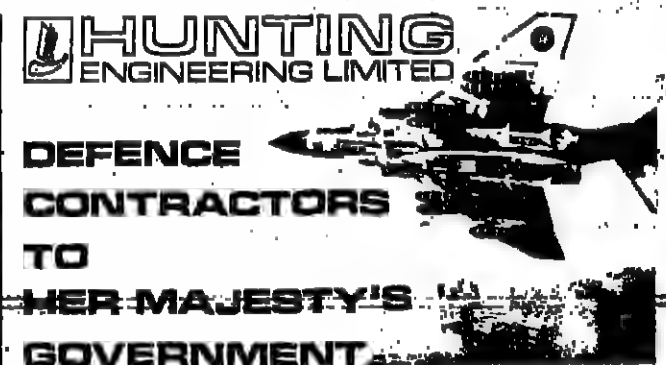
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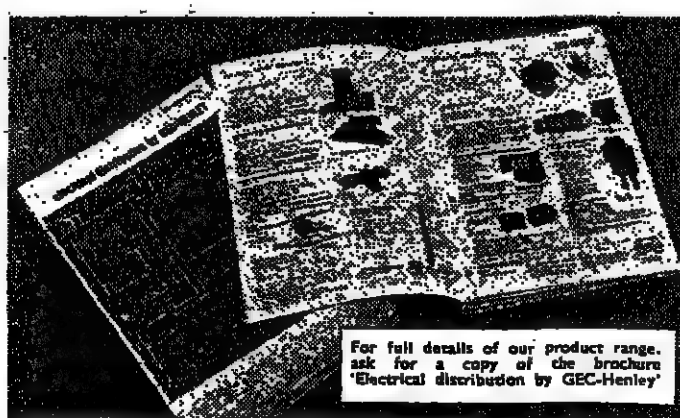
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## CROWN AGENTS ADVERTISEMENT 3

## 'Simplicity with integrity'

Over 300 Principals have money managed by the Crown Agents. Charles Moncrieff explains the financial role they play.

For over a century the Crown Agents have managed funds both on a short and a long term basis. It began—and still exists—as a service to make procurement through the Crown Agents that much easier; but has now developed into an international financial and investment service which is not offered by any other public service. For Principals the Crown Agents are an independent and impartial window on to the London and international markets which offer the great range of financial services.

Like much of the Crown Agents' work, money management began many decades ago to fulfil a need from Principals. Money was sent to London to pay for the purchasing of supplies and held under full responsibility by the Crown Agents. In some cases there was a considerable delay between the arrival of the funds and the arrival of the goods in the country of destination. During this period governments naturally wanted the money used. The tradition grew up that a proportion would be kept in cash to meet each liability and the remainder would be put on short-term fixed deposit. Part was on deposit with banks or discount houses; part in Treasury Bills or in stocks of short date; and part in temporary advances to other Principals.

Then in 1929 funds were pooled into the Joint Consolidated Fund—as they still are—and for the first time the Crown

Agents were able to pay depositors interest also on their call money. Not surprisingly the Joint Consolidated Fund deposits rose dramatically. From £8m. in 1930, the Fund grew to £45m. in 1945 and £130m. by 1954. The bulk of the fund was invested in Treasury Bills, gilts, and Corporation mortgages and lent out to Principals in particular circumstances at favourable rates of interest. A working balance was kept at the Bank of England to meet all expenditures.

Changes which took place in the Sixties brought about developments in the financial services. The London market for sterling loans ceased to be available to overseas borrowers and newly independent countries sought an even wider banking and investment service. A sterling money market operation was established to manage the funds with the same degree of security but to obtain an increasing return. Short term deposits were accepted and largely channelled into the London interbank market.

#### Growth of foreign currencies

This proved to be a welcome development but after 1967 and the devaluation of sterling the Crown Agents began a new foreign currency service as Principals needed a diversification of their reserves into currencies other than sterling. During this period the Euro-currency market was emerging as a major force with its high degree of competitiveness and attractive rate structures. London had acquired pride of place among the financial market centres with the influx of foreign banks and it was clear

that the Crown Agents could, from their position in a key financial centre, provide Principals with accurate market information and instant dealing. The service has been refined and widened over the years and to-day a very large proportion of the money entrusted to the Crown Agents is held in currencies other than sterling.

In addition to the pure money management service, the Crown Agents have always accepted investment funds from Principals where the money has been allocated for a specific function or period of time. These investment accounts originally came about from surplus funds, reserve funds, sinking funds, pension funds, insurance funds. They have grown significantly over the years and now total some £700m. Originally these funds were always restricted to investment in fixed interest and gilt edged stocks, but later, in the second half of the Sixties, a proportion of equities was sanctioned for certain accounts. Even to-day over 80 per cent. of all stocks held are fixed interest securities.

The Investment Division now has some 60 people working for over 100 Principals. As a very substantial investor in bond markets the Crown Agents have a powerful position which results in their receiving a first-class broking service, attractive prices and sound financial and market intelligence.

The Crown Agents have always run their investment service on a conservative basis and have long experience in handling large sums of money invested all over the world. It usually has power to operate at its discretion within clear agreed guidelines to maximise the return. Its managers' skills in investment over the years have been maintained by a belief that investment is not only an art but also a science. For instance the Crown Agents were among the pioneers in anomaly gilt-edged switching, increasing the profitability of portfolios by taking advantage of temporary fluctuations in the price relationship between similarly dated stocks.

To carry out their task across the world's money markets the

investment managers use all the resources of modern technology. They have direct lines to the main computer, and are surrounded by the multichannel screens from the Stock Exchange and brokers, showing up to the minute prices. The Reuters Video Master is used to watch key overseas stocks. Datastream carry out the instant research: Reuters ticker tape brings in the instant news. Although the equity market is only used on special authorisation by a Principal for a specific fund, the equivalent of some £120 million available for equity investment puts the Crown Agents well into the category of a medium sized Unit Trust.

In the overseas markets the Crown Agents invest mainly but not exclusively in the United States, Japan, Germany and Holland. As in the United Kingdom market, activity is restricted to major stocks except for certain growth sectors. In the Eurobond market the Crown Agents believe in a diversification of currencies, but exchange risks are carefully monitored and sales made if it is felt that the exchange risk outweighs the higher rate of interest that might be earned.

The Banking department performs a series of functions that helps Principals in their world wide activities. The first involves the provision of financial services in direct support of other Crown Agents' services. The equipment of a hospital calls for the procurement of a wide range of goods from major capital items to numerous small ones, calling for widely different payment arrangements running over a period of years; cash requirements have to be worked out and the availability of funds planned; protection against changes in exchange rates ensured; payments against inspection certificates, against shipping documents, against attainment of specified performances, all have to be dealt with. The Crown Agents relieve their Principals of these complicated administrative procedures.

In addition, quite exclusive of any procurement work, the Crown Agents make a further 30,000 payments a year for their Principals to a sum of approximately £75 million covering items and services that they require and need to pay for in a foreign country, thus saving

endless administration and accounting within the Principal's country.

What the Crown Agents' financial facilities offer is, in the words of a Crown Agent, nearly a century ago, "Simplicity with integrity." Principals know that their money will be found a home with the highest current interest rates consistent with security that it will be managed in such a way that payments are made in the most economical currency anywhere in the world, that they have no need for a large accounting department simply to handle their normal overseas activities. Every month a simple statement shows the interest received and the payments made. Such a system with its wide discretionary powers could be open to abuse, but in 140 years not one government or Principal has ever made any suggestion that their money has not been handled with total probity. It is a proud boast to make and perhaps explains why, without high pressure salesmanship, without long contracts, and in the face of strong competition, the Crown Agents' financial services have continued to be used increasingly by more and more countries.

In the last ten years the Crown Agents have become increasingly involved in the managing of Aid finance. It has drawn upon its experience handling \$500m. of World Bank aid and administering over £2bn. of United Kingdom Aid to extend its financial services to cover advice on the sources of development aid. There are available in the world a bewilderingly large number of sources of capital for development ranging from the well-known international institutions such as the World Bank through philanthropic foundations to export credit and commercial sources. The selection of the best source or, more probably, the best combination of sources requires a wide knowledge which the Crown Agents, through their contacts with the development institutions and international financial centres, can provide. The Crown Agents can help Principals in analysing development projects, in establishing sources of funds, in preparing the appropriate studies and data for the approach to such

bodies, in the preparation of specifications and international tenders, and in the implementation and final commissioning of the project.

Just as the Crown Agents' financial services began in order to make use of the money available for procurement; so they grew to handle large investment funds on a world basis and, now, are using the lessons learnt in the last decade to enter the comparatively new world of development finance. Development projects need money, technical skills, management supplies, equipment and people. The Crown Agents with their long and close contacts with developing nations for many decades can offer all this and more.

#### Growth of Principals' needs

Taking the financial and industrial services together the Crown Agents are currently handling more than \$1,400m. of foreign currencies both in the form of cash and securities and over £700m. in sterling for some 300 governments and other public authorities who are their Principals. There are over 800 different banking accounts and more than 500 investment portfolios. Few other financial institutions in England are of comparable size, and the Crown Agents are one of the largest houses dealing in fixed interest stock on an international scale.

The Crown Agents are not a bank or a merchant bank but they perform some of the functions of both. Their financial services are those that have grown from the needs and requests of hundreds of Principals over many decades to lubricate the process of procurement, to guarantee the security of current accounts, to maximise the investment of international funds, and to advise on the obtaining of development loans. Most of the Crown Agents' work is with the fastest changing nations in the world and as their needs change so does the work of the Crown Agents. What does not change is the relationship of trust on both sides that has grown through close contact across the years.



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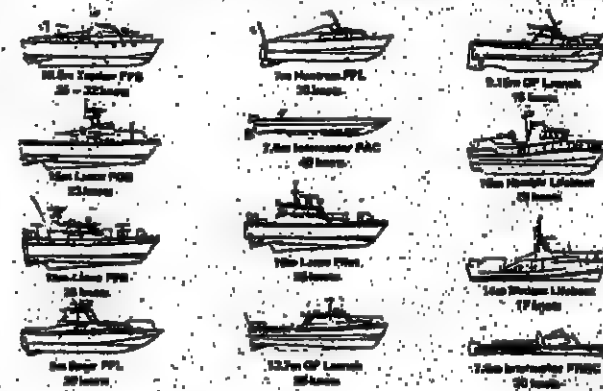


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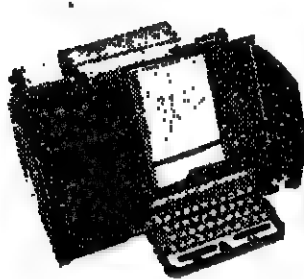
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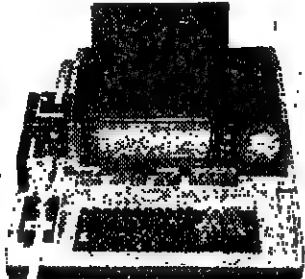
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## CROWN AGENTS ADVERTISEMENT 4

# Universal aunts across the globe

Procuring supplies has always been the core of the Crown Agents' operations. To-day they buy over £3 million of goods a week. **NICOLAS HAMPTON** reports.

There are few items which the CA have not, at one time or another, bought on behalf of Principals. From hand forks for the potato patches on Tristan da Cunha to crawler tractors for major building works, from postmen's bicycles to presidential yachts, from toothbrushes to the complete equipment for a hospital: the list is beyond concise description.

The old phrase "Universal Aunt" has some relevance perhaps in suggesting not only the variety of services and wealth of knowledge available but also the human element that is very much part of the Crown Agents' tradition.

The procurement of stores, materials, plant and equipment on an international basis can run the whole gamut from buying and posting a single unsophisticated item to the negotiation and execution of a contract for the provision of equipment for a modern engineering complex. Within this range, many skills and services may be called for, including expertise in design and specification, tendering and evaluation, inspection, shipment, insurance and, in certain cases, finance and credit.

All of these skills and services are offered by the Crown Agents, whose 140 years of work in these fields, coupled with exceptional knowledge of world markets and up-to-date experience of international commercial practice, satisfy the basic requirement in the expenditure of public money—the best buy at the lowest price by the most impartial and efficient means. With a staff of 200 specialist buyers, about half of whom are qualified engineers, the CA buying branches are concentrations of technical skill combined with experience and long and intimate knowledge of manufacturers' reliability and production capabilities.

What any government or public authority must demand for the expenditure of public

money is value for money, and the essence of this is the ability to obtain the lowest possible price and maximum discount. In realistic commercial terms competitive prices are often based on volume of business, combined with ease of handling and speed of payment, and in these respects the Crown Agents are recognised throughout the world as one of the foremost buyers who appreciate the importance of these factors. Nearly 50,000 orders with a total value of over £150 million have been placed in the past year. This volume of business not only commands the most competitive prices; it also generates respect and goodwill and helps towards prompt remedy should anything go wrong with any transaction.

### Buying operations

As far as price is concerned, two important features have to be emphasised. Firstly, the Crown Agents are not "middlemen." They act solely as agents of Principals and do not retain any discounts. Because of this they are completely free to conduct their buying operations in any part of the world solely on the merits of price, quality and delivery dates without prejudice, and without any incentive, financial or otherwise, to direct business to any country, manufacturer or branded product. In fact, some 70 per cent of goods are bought in the U.K.; 17 per cent from Europe; 9 per cent from the Far East; 3 per cent from North America; 2 per cent from Australasia; and 1 per cent from the rest of the world.

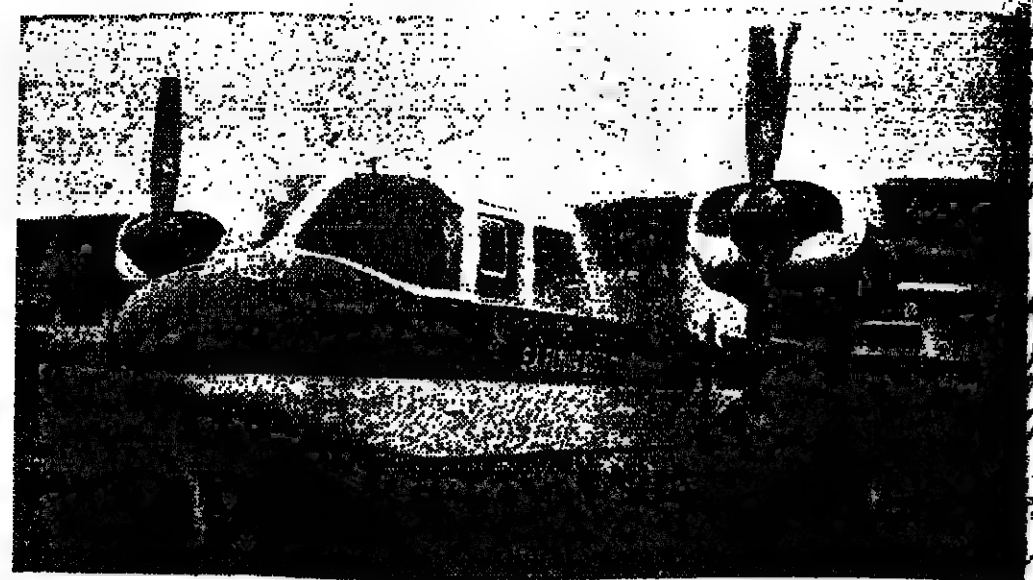
The emphasis is not, however, on cost alone. Knowledge of the product, current availability, degree of urgency, transport facilities and financial terms are all factors which the specialised buyer needs to consider before selecting the method of procurement which will not only result in the best buy but will satisfy all the special requirements of the Principal concerned. For instance, equipment which is suitable for operation in one area, which is desert, may not be suitable for use in another part of the same country, such as a coastal plain; and highly developed modifications will be needed in the Antarctic or a tropical jungle. Even when

equipment has been made suitable for use under such conditions, the preparation and packing for shipment may present another set of problems.

Where to buy, how to buy and even, on occasions, when to buy from overseas as advantageously and as speedily as possible, are questions which confront all users and consumers, whether they be engineers or supply officers, postmasters or harbourmasters, pharmacists or quartermasters, railway managers or educational administrators. This is particularly true of developing nations, seeking to build industry, to develop communications, to improve medical and social services, to expand trade and to establish security forces, often with limited resources of finance and manpower. While it is important for them to use local resources to the utmost, external purchase is often necessary to ensure that they get what they need and that they make best use of the finance and foreign exchange available.

The CA are world-wide buyers and do not confine purchases to any particular country of origin, unless, of course, the Principal requires it or the funds available are tied aid. Over the years, they have earned an international reputation for integrity, fair dealing and prompt payment which, coupled with the volume of procurement business, continues to command the most favourable terms from manufacturers throughout the world. To an increasing extent they are purchasing supplies from the countries of some Principals for other Principals and this trend is likely to grow as local industries continue to be established and expand.

To facilitate such world-wide activity, they have their own offices in some of the main manufacturing areas of the world. Outside Europe (which is



Transportation is the largest item in the Crown Agents' Supplies service which procures over £3 million of goods a week for its Principals. This aeroplane joined the East Africa flying doctor service. Medical supplies, general stores, livestock, textiles and spares make up the bulk of less technological supplies.

covered from London) these are in North America, Japan and Singapore. Market intelligence matters such as the interpretation of the complex procedure supplemented by reports from inspection branches, which are daily responsible for arranging inspection of contracts placed in manufacturing areas throughout the world, and which at any one time have inspectors stationed at many points around the globe. This enables more detailed information to be collected on the capability of individual manufacturers, and is especially important as far as newly developing industrial areas are concerned.

### Local offices

Apart from the offices in Washington, Tokyo and Singapore the CA also have representative offices in East Africa, West Africa, the Middle East, South East Asia, and the Caribbean. These offices maintain close contact with governments and other Principals within their areas, and are readily available to offer advice and assistance at all levels. As well as assisting in day-to-day business and explaining and advising on the many and varied services available from the Crown Agents' organisation, the local representative's advice is often given on the basic ques-

tions of where and how to buy, as well as on more intricate matters such as the interpretation of the complex procedure involved in international loans and grants.

### Value for money

These offices are also responsible for gathering information about industrial capacity in any country as a possible source of supply for the requirements of other Principals. Thus asbestos cement pipes and fittings have been supplied to East Africa from Singapore, footwear manufactured in Malaysia has been ordered for West Africa, and textiles from Hong Kong have been sent to police and military forces in many parts of the world.

The Crown Agents' services in buying form only a part of the overall supply function, within which responsibilities on the part of the Principal include all the closely related aspects of storekeeping, such as stock control, storage, stores planning, materials handling, stores organisation, packing and packaging, preservation of stocks, and all the functions associated with the receipt of goods until they are taken on charge, accounted for and finally issued. The adoption of modern techniques and sys-

tems can lead to more efficient supply and materials management and hence to the saving of time and money in a more efficient ordering and stock-keeping of overseas requirements. To assist Principals in this respect, CA have a Supply and Materials Management Advisory Service, whose advisers on particular supply problems undertake detailed surveys and carry out full and managed reorganisation of Stores Departments. Training courses are also run regularly in the United Kingdom for supply officers and "package" courses are available for personnel in Principals' own countries.

The Crown Agents now supply goods and materials to more Principals than ever before in their history, and, as the needs of their Principals become more sophisticated, so does the nature of daily procurements. Power stations, port equipment, replacement railway rolling stock, advanced medical equipment, drugs play a greater part today than ever. But whatever the nature of the procurement, the old Crown Agents' policy of applying to buy the best quality goods for the best price and delivery and so obtain the value for the Principal's money

# Rebirth of the railways

The Crown Agents still supply spares for engines they bought 50 years ago, as **HILARY BEAU-CHAMP** discovered. But many new locomotives and rolling stock are being bought as countries realise the vital part railways will play in their development plans.

The Crown Agents have been engaged in railway work for just over a century. The first locomotive ever supplied to a Principal was sent to British Guyana in 1864 for use on the Demerara railway. Three years later the railway opened in Sri Lanka—then Ceylon—and a century ago a progress report now in the Archives, notes that "at the present moment about 1,000 miles of railway are being provided by the Crown Agents with engines, rolling stock, permanent way materials, coal and everything else necessary for their equipment and maintenance." Over the next 20 years railway systems were built in Perak, East Africa, Hong Kong and North Borneo.

Such was the demand for help that in 1900 the Crown Agents appointed its first railways engineer. Four years later it added an inspection department and by 1910 a design department was at work producing original layouts as well as checking the constructors' plans. By the first World War the Crown Agents were concerned with nearly 20 railway systems. Since 1918 the Crown Agents have on average supplied a locomotive together with a carriage and 12 wagons to Principals every week of every year, representing some 3,000 locomotives, 3,500 carriages and 37,000 wagons.

The 1920s saw a tremendous surge in demand for locomotives, carriages, wagons and signalling equipment. The thirties saw a falling off with the world depression and in the forties production turned over mainly to weapons of war. However, immediately following cessation of hostilities there was an unprecedented demand for new rolling stock.

Between 1945 and 1954 the steam locomotive had its final flourish. Over 600 steam locomotives were supplied in this period, some of which are still in active service, but by the mid-fifties the diesel had taken over. In fact as early as 1925 Locomotives had produced the first main-line diesel, and in 1933 the Flying Hamburger was running from Berlin to Hamburg at an average of 77.5 mph. The steam locomotives could match that, and indeed beat it on occasions as the British Flying Scotsman showed, but hard economics signalled the end of the steam engine after it reached the peak of its development in the late thirties. Venerated by engineers and much loved by children of all ages the steam locomotives had become larger and more powerful until they reached a record weight of some 255 tons

for metre gauge track operation. However, dieselisation became the aim of all CA Principals, and from 1950 onwards the introduction of diesel motive power increased because of the advantages in better utilisation, lower fuel costs and the better performance which could be obtained. The introduction of diesel motive power was further accelerated as a result of increasing competition from road and air transport services for locomotives and rolling stock. The railway Division supplied 372 diesel locos in the fifties; another 176 in the sixties, and another 300 in the first half of this decade. A further 100 are on order or under discussion now.

Railway equipment has become a major item of capital expenditure. The old steam competitive market, purchasers engine, simple in its design and manufactured almost entirely at the contractor's workshops, was a low cost item. Purchases were invariably on cash terms and the design parameters complexity of tenders for railways were precisely laid down. The way rolling stock have gradually

overall time from issue of tenders to award of contract was comparatively short and manufacturers could prepare their estimates with more certainty. Equally only a few countries were in this market as producers, and tenders were usually by invitation. Then further dramatic changes came. More countries became interested in exporting railway equipment, and international tendering became normal practice for locomotives and rolling stock. Even the initial cost of a diesel locomotive was about three times that of a steam locomotive and the decision to introduce diesel motive power involved large capital outlays with purchasers showing more interest in credit facilities. To-day in an increasingly competitive market, purchasers claim to participate in aid or loan programmes with the greater complexity of tenders for railways.

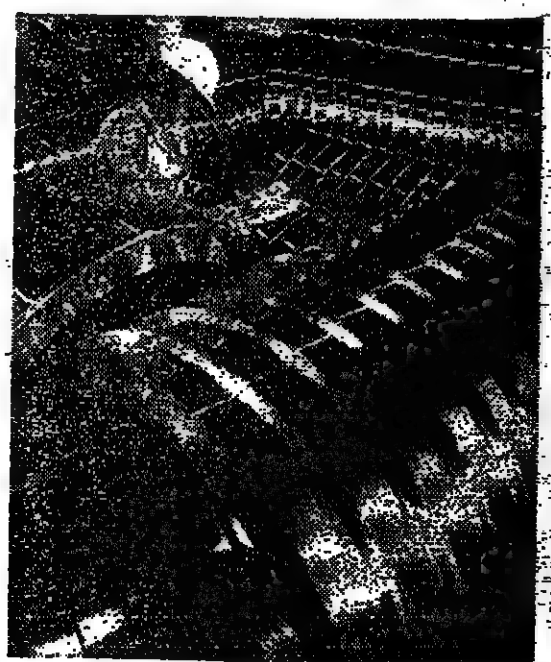
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# Aid to the Third World

SINCE the last war most industrially advanced nations have come to regard it as their duty and privilege to make money available to those beginning their development. ERIC LYTTON outlines the ways that the Crown Agents help translating that money into reality.

The Crown Agents have been involved with finance for development for over a century. It was 1860 when the first over-

seas Government asked the CA to raise a Loan for them in the City of London. Some 450 Loans and 108 years later all long-standing Principals have reached independence and, together with the CA's new Principals, raised Loans for themselves or applied for development aid.

In 1968 the CA raised their last Loan on behalf of a Principal and began instead to offer their experience in the handling of Aid finance. Since then they have managed just under \$500 million of Aid from the World Bank, and administered just over £2 billion of U.K. Aid from the Ministry of Overseas Development. It was the spring of 1971 that the U.K. Government officially appointed the Crown Agents to assume wider responsibilities for administering capital aid, and they are currently handling some 131 Loans to a total of £725 million.

This administration involves the judging of the eligibility of contracts for Loan finance, the authorisation of all payments to contractors, the checking of all claims for local reimbursement costs and the providing of financial returns to the Ministry of Overseas Development and the Department of Trade.

Administering Loans is a service the CA perform for the lenders, but a far wider selection of services are available for the borrowing countries, and in the last five years more and more countries have asked the CA to manage the Loans they receive. At present, four out of five of all countries receiving U.K. Loans have appointed the CA to manage their funds; and there are seventy-three such Loans to a total of some £347 million.

### Loan management

U.K. Aid requires the appointment of a Loans manager in Britain, but the CA also act as managers for Loans from all Development Aid organisations.

As managers of a Loan the Crown Agents open a set of special accounts for each project, check all contracts and Loan documentation, authorise all payments and generally control the funds on behalf of the Principal. In addition, they assist in setting up the right control organisation in the borrowing country, and provide monthly statements covering the movements of every transaction.

The heart of the CA's operations has traditionally been in procurement, and increasingly Principals are using this aspect of the service. Last year some £23 million of goods were bought against Loan funds. The advantages to the borrowing country in using the CA management and procuring services are considerable. It ensures that any order placed qualifies for funding from the Loan and avoids the possibility of the borrowing country having to meet the cost from much-needed foreign exchange. In addition, the CA are able to enter into open account terms that dispense with Letters of Credit, so saving time and money. The close relationship between the Crown Agents and the Development Aid organisations also ensures that all applications take into account the terms of the Loan agreements as well as the special requirements of the borrowing country.

The Crown Agents have always geared their procedures and terms of contract and banking functions as closely as possible to those of the World Bank, whose terms have set the pattern for international aid. This ensures that when they act for the borrower with the banks, the presentation of the project, the tendering procedures and the documentation is of the kind insisted upon by the banks. Much of the work with Principals using World Bank Aid has been in railways, telecommunications and roads, with outstanding success. In many of these, the work has been carried out by CA engineers in conjunction with local labour.

Based on their experience with the World Bank and the U.K. Aid programme, the Crown Agents have now developed a composite service to all borrowing countries offering professional and experienced help with all stages of the project. The Crown Agents' experience has shown that, as important as the management of the Loan undoubtedly is, there is also a need by many countries for planning and technical help both before an Aid-assisted programme is begun and after the money has been spent. Therefore, where projects are to be presented to Development Banks the CA are now working with Principals in helping to identify the key projects, prepare an appraisal of the needs and then formulate its presentation to the Development Banks. Once the Loan is granted the CA can then help to manage the funds, carry out the procurement, send major projects out to international tender, supervise the chosen contractors or send in a management team to work with local labour. At the end of the Loan project the CA will inspect every aspect from the supplies to the finished job and make the necessary certifications.

The CA have also become concerned that too many Aid-assisted projects in the past have been capital rather than labour-based and leave behind a vacuum of skills and management. They therefore work with Principals to ensure, with training, that the project is mainly carried out wherever possible by local labour and that individual overseas experts are brought in to see the project through.

## Rebirth of the railways

CONTINUED FROM PREVIOUS PAGE

strikingly. In those early days the average hp per unit was as low as 320 because dieselisation started with shunting locos of low power. To-day with high-powered mainline locos of some 2,500 hp the average has risen to over 1,400. The costs per hp were £42 initially, £70 by 1972 and is now often three times that at around £200.

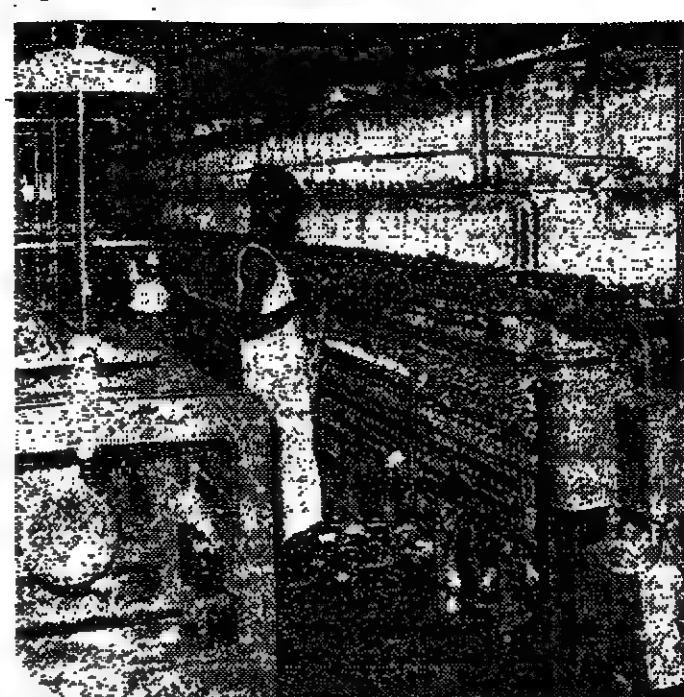
Unfortunately in the early days of the aid and loan programmes priority was given to the building up of motive power and freight traffic to the detriment of passenger stock. These views changed at the beginning of the decade and are reflected in the CA's orders for Principals. Since 1960 they have bought a total of 400 locos, 255 passenger coaches and 6,275 wagons, but the greatest proportion of coaches has come in the last three years. In the decade before 1973, only 18 coaches were ordered but since then some 214 coaches will have been delivered by the end of this year, and another 226 are awaiting finalisation of ordering from Principals.

In signalling and track the Crown Agents are also called upon to give technical assistance on new equipment, advise on switch and crossing work, on new power signalling schemes and on lifting barriers at level crossings. The CA have advised on a power-operated signalling system in South Korea, controlling from one panel over 100 miles of track, supplied Ghana Railway with a survey of rehabilitation and recommend new work; advised the Malaysian Railway on signalling for the Prai-Butterworth swing bridge; and prepared complete signalling schemes for the Kowloon-Canton railway, power operating the new terminus at Hung Hom and other stations from one main panel.

With the ordering of major equipment and rolling stock the CA have for 25 years invited tenders on an international basis. In 1951 the first orders to be placed outside Great Britain were awarded to suppliers in Germany, and to-day at least 20 countries are able to submit tenders for new railway rolling stock.

Currently tenders have been received for carriages and wagons from France, West Germany, Italy, Spain, Romania, Canada, Japan, Taiwan, India, Australia, Belgium, Sweden, U.K. and Switzerland. Tenders for wagons have also been received from Yugoslavia, Hungary, South Korea, Portugal, Kenya and Nigeria and this market has become fiercely competitive.

There are four main services within Crown Agents Railway Division: locomotives; carriages and wagons and railcars; per-



In less than a decade the Crown Agents have managed \$500 million of World Bank Aid and administered over £2 billion of United Kingdom Aid. They are currently handling some 131 loans to a total of £725 million. These include modernisation of mills in Bangladesh where the Crown Agents are also supplying both engineering and procurement services.

through its teething stages and train local staff to carry on.

As well as the management and technical aid available the Crown Agents have also been able to advise Principals on the potential sources of loans. Through their experience in international banking circles and their work with the development banks they have evolved a financial advisory service which aims to keep Principals informed of the alternative ways of their achieving loans. There are some twenty-six Development Banks headed by the World Bank, the Asian Development Bank, African Development Bank, Caribbean Development Bank, many Arab banks, many United Nations organisations and now the European Investment Bank. Each of these has funds available for less wealthy nations. Each has clear policies on the projects it wishes to support. Each has its own rules and regulations on the form of presentation.

### Loan sources

In addition there are even more commercial banks prepared to make funds available for development. And equally they have clear policies on the kind of financial standing a borrower should have and the kind of ways the money should be used. There are instances where a commercial loan could be less restricting than Development Bank Aid, which inevitably comes with a multitude of restrictions as to use. Help in unravelling this choice is part of the Crown Agents' service.

The Crown Agents exist to do business for the developing nations. They always have for over 140 years. Until 30 years ago they were restricted to working only with countries that were part of the Commonwealth. Equally, those countries were restricted to working only on the Loan and procurement side—with the Crown Agents.

When those restrictions were lifted from both sides, no one could be certain whether the services supplied by the Crown Agents would continue to be needed. In fact, in the last 30 years three times as many countries have become Principals of the organisation than ever before.

But the work carried out by the Crown Agents for their Principals has remained in the same tradition—supplying whatever service is needed, large or small, that will help in the development of the country towards a better future.

Since the last war most industrially advanced nations have come to regard it as their duty and privilege to make money available to those beginning their development. It is the Crown Agents' privilege to help in translating that money into reality.

Malaysian plans include rapid development of their railways procured through the Crown Agents whose experience in this means of transportation goes back over a century. Over the years since the end of the first World War the Crown Agents have on average supplied one locomotive, one carriage and twenty wagons to their Principals every week. Many Crown Agents Principals have begun to modernise their railways in the past three years.

manent way and signalling a separate control room. Considerable development is also taking place on the Indonesian State Railways for which the Crown Agents are involved with the supply of 28 locomotives, 54 coaches, 130 wagons and equipment for providing air-operated power brakes on 1,400 wagons at present fitted with manually operated hand brakes only.

The Crown Agents involvement with the railways of their Principals for over a century has produced a service that is unique in the world, involving procurement, engineering, design, contractual inspection, shipping, banking and after-sales expertise. For its Principals the CA procure everything that a railway needs from locomotives and track to flags, tickets and uniforms. They are involved in the design of anything from detailed signalling systems and bridges to simple track layouts and stations. They prepare, evaluate and recommend on international tenders for major capital projects. They inspect everything from the raw materials to the finished locomotive. They carry drawings and specifications going back nearly 100 years and so are able to provide the most comprehensive spare parts service. Their engineers will advise on all railway technical matters: their shippers will deliver the equipment wherever it is needed. Their bankers handle the financial details between the purchaser, the producer and the Crown Agents. In the last year the Crown Agents, on behalf of their Railway Principals, have placed over 10,000 orders in a dozen countries to a total of £80m. As railways grow to serve society, so the Crown Agents grow to serve its Principals.

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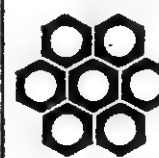
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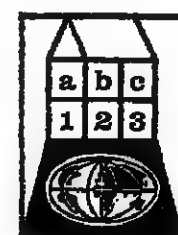
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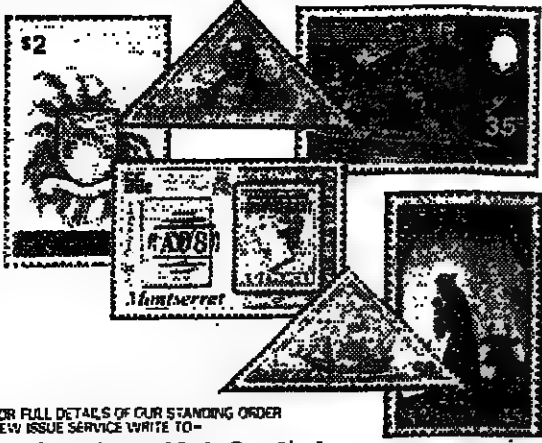
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## Stamps for a quarter of the world

Stamps, coins, medals and banknotes are still an important part of the Crown Agents service, as **GEORGE MARKHAM** reports.

In 1848, the Government of the Colony of Mauritius asked the Crown Agents to supply postage stamps bearing the head of Queen Victoria on groundwork of diagonal and perpendicular lines. Five years later Western Australia became the next Principal to order stamps. These were the famous Black Swan issue, one of which was possessed by the young Edward Stanley Gibbons in 1854, shortly before he began his world-famous business. Soon, St. Helena, Barbados, Ceylon, Grenada and Victoria requested supplies and by the 1860's the Crown Agents were deeply involved in the stamp-issuing business, designing and printing stamps for fifteen Colonies, with their own watermarked paper, which some of their Principals still use to this day.

Today, one hundred and twenty-eight years after that first stamp printing, the Crown Agents Security Printing and Stamp and Coin Sales Division represents some 57 countries—just over a quarter of the world's postal authorities—and is supplying this year around 165 issues to a value of nearly £2.5m.

During the last two decades, commemorative and special issues of postage stamps have become increasingly popular as a means of stimulating interest in stamp collecting. Over 150 issues this year will be of this type. The most popular subject in 1976, with the postal authorities representing, is the Bicentenary of American Independence, which has been taken up by sixteen Principals. There are also Olympic issues from some countries, and the West Indies are celebrating their success in World Cup cricket. But none of these issues compares in size with those in preparation for some thirty different countries to celebrate the Silver Jubilee of the Queen's Accession.

The Silver Jubilee issues are expected to be even more popular than the very successful stamps produced in 1974 to celebrate the centenary of the birth of Winston Churchill, for which issues were produced for 19 countries. During the same year 24 postal authorities participated in issues commemorating the centenary of the Universal Postal Union.

The Crown Agents advise their Principals to follow a more conservative policy, preferring to ensure a high philatelic reputation for them by releasing the right number of issues

with the right face values, the right themes and a high standard of printing. As an organisation which has acted for most of its Principals for a quarter-century, many for half a century and a few for over a hundred years, they are concerned to ensure that their issues sell regularly year after year. For this reason they recommend no more than five issues a year with a total face value around £3.

With its long experience of all stages of stamp production and marketing, the Crown Agents are uniquely placed to carry out the whole programme. They begin with advice on the theme, and the selection of artists from a panel of stamp designers who prepare rough designs for approval by Principals and, when appropriate by Her Majesty the Queen; tenders are invited from the specialist printers, adjudicated, and their orders placed, bearing in mind the production and the desired date of issue. The Crown Agents supply special watermarked paper, control the printing quality and, finally, deliver the stamps to their country and the philatelic trade.

Because marketing the stamps is so important, now that there are so many issues on the market and collectors have become more discriminating, the Crown Agents are conscious of the importance of the goodwill of dealers. They sell stamps only through the trade. Details of their new issues appear every month in their special supplement published in Stanley Gibbons' Stamp Magazine and in their trade circulars issued extensively to dealers and the media. Supplementing these activities, the Crown Agents take part in major philatelic exhibitions all over the world. A recent issue of stamps for Botswana illustrates another way in which stamps may serve

Governments in addition to their prime function as receipts for postal services, and the secondary one of obtaining revenue through philatelic sales. This is as a medium of information to the public of the country of issue. Family planning, hygiene and literacy have already been promoted by stamps. On the introduction of its first national currency replacing the South African notes and coin previously in use, the Botswana Government instructed the Crown Agents to produce a commemorative issue of four values of postage stamps, each of which introduces one of the new currency notes. These stamps reflected the double aspect of the Crown Agents' security printing services, for on behalf of the Bank of Botswana, the organisation also ordered the currency notes and coin.

Orders for currency have been handled by the Crown Agents for almost as long as those for stamps. The "procurement and forwarding to the Colonies of banknotes and copper coin" is specifically mentioned in the Treasury Instructions for the Guidance of the Agents-General for the Crown Colonies, dated March 5, 1860. The first recorded printing ordered by the Crown Agents was for the Rupees 5, 10 and 50 values for Mauritius, which produced a substantial income for the island.

When the first stamps, banknotes and coins were designed, printed and distributed by the Crown Agents on behalf of their Principals, they had only one function. They were used only in the country of origin and the stamps contained, more often than not, little more than the name of the country, the face value and a portrait of the monarch. To-day, every country's stamps are sold all over the world and many have become miniature works of art. The Crown Agents also place everyday art.

## Pilots, dentists, surveyors teachers, football coaches and gold assayers

Finding the right man for the job is more difficult when the country is thousands of miles away. **JULIAN COURTNEY** found out how the Crown Agents have solved the problem for over a century.

The aspect of the Crown Agents' work with which people are most familiar, because of the appearance of their advertisements in newspapers and journals, is that connected with overseas appointments. This is a traditional service which has supplied overseas governments and public bodies with skilled manpower in a multitude of disciplines.

An alphabet of jobs includes Accountants, Bandmasters, Civil Engineers, Doctors, Economists, Fire Officers, Geologists, Hides Examiners, Inspectors of Works, Judges, Keepers of Archives, Lecturers, Matrons, Naturalists, Occupational Therapists, Pilots, Quantity Surveyors, Radio Operators, Secretaries, Television Engineers, University Staff, Valuers, Waterworks Superintendents, X-Ray Technicians, Youth Leaders and Zoologists.

The Crown Agents' appointments service has developed and changed over the years in accordance with the changing needs of its Principals. In early days, when most appointments to the Colonial Service were in administrative grades and made by the Colonial Office, the Crown Agents' role was in the main confined to recruiting sub-professionals, such as works superintendents, junior police officers and agricultural assistants. All were recruited on broadly similar terms and conditions, with variations arising mainly according to the country in which they served. In those days, each grade or post carried

with it a precisely defined sea passage entitlement and there were strict schedules of accommodation and allowances. Most Colonial Servants carried with them the British way of life, modified only by the requirements of their duties and the climate. At the end of their careers, many received pensions.

After World War II, as colonies began to gain their independence and to increase their use of modern technology, their manpower requirements changed. A wider range of skills—and the ability to pass them on—was demanded. Part of British Aid was employed in providing supplements to the salaries of expatriate personnel engaged on behalf of Principals to serve on terms available to locally-recruited staff. The new type of overseas officer was more closely integrated into the life of the people of the country in which he or she worked and had to be able to adjust to a different way of life.

At about the same time, the employment of expatriates on permanent and pensionable terms began to decline and most now undertook to serve on contracts for periods of two or three years and receive a terminal gratuity. Passage entitlements according to grade of appointment still existed but that great leveller, air transport, was making itself felt—to the chagrin of the long-serving officers who had enjoyed the more civilised and leisurely sea journeys to and from their stations.

The Crown Agents' recruitment techniques were constantly adjusted to meet their Principals' needs as more and more countries began to develop the skills of their own people and were able to fill locally the posts previously occupied by expatriates. However, with this progress came the need for more specialists, and appointments which in the days before

independence would have been filled by the Ministry of Overseas Development were made by the Crown Agents.

The need in some developing countries for assistance in attracting employees of suitable calibre is still recognised by the Ministry of Overseas Development, which continues to offer supplements to local salaries and allowances. This enables the Crown Agents to recruit successfully for such countries. But other countries, able to finance their own economic development, still have a need for manpower in engineering, science, accountancy, health, education and training, social services and other spheres of public service activities.

Meeting this need frequently calls for a different solution from the traditional one of recruiting individuals to fill particular posts and takes the form of a team of people provided under a "support contract," by which the Crown Agents supply a team to maintain specialised equipment and to train local staff in the technical know-how necessary to enable them to take on greater responsibilities themselves. This would normally be organised by one of the specialist divisions, such as the Supply and Materials Management Advisory Service or the Engineering Advisory Service; or "by Millbank Technical Services Ltd., a simpler "package" provides a team, directly integrated into, say, a Public Works Department or a Ministry of Communications, which complements local staff and is completely answerable to local heads of departments for their work. It is possible to see this team concept applied in almost any field of government endeavour.

The individuals or teams provided under such arrangements are members of the staff of the Crown Agents and the fee for the "package" is a comprehensive one to cover salary and allowances, passages and all incidentals.

A relic of past service on pensionable terms of employment is the large number of retired colonial officers still receiving pensions and the British Government has transferred the work of paying the overseas service pensions for which it has now assumed responsibility to the Crown Agents, who are currently paying around 82,000 pensions with a total annual value of approximately 257 million.

Supplying and servicing manpower for the public services overseas is no easy task; the combination of experience, knowledge and flexibility which the Crown Agents offer comprises a uniquely comprehensive service.



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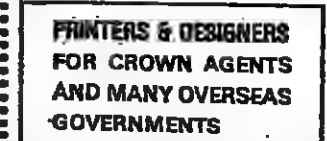
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## A century of service

**JAMES D'ARCY** traces the growth of the Crown Agents' services over 14 decades.

1833 is traditionally the date which marks the beginning of the Crown Agents as we know them today but, the Crown Agents originated in the eighteenth century, although their function was then very different. At that time it was the established practice for a Governor to be appointed to a colony as a representative of the Crown and for executive control to be vested in him. The transaction of everyday business was accomplished by means of agents. While the "Crown" agent's nominal function was "to transact the affairs and carry on the necessary correspondence" for a colony, his real function was to receive and account for monies issued from the Treasury.

However, as the 19th century opened, a new type of agent emerged, with competence and interest in a wider field of activity. As the colonial agency began to place more stress on its commercial, rather than its political functions, it became responsible for the procurement of materials and the placing of loans. This change was exemplified by the appearance of William Eustace, the well-known exponent of free trade, who was appointed to the agency for the Cape of Good Hope in 1798 and to that for Ceylon in 1801.

At this time there still existed several separate Crown agencies. This arrangement was thought by many to lead to inefficiency and some confusion, and in 1830 a general report published by the Commissioner of Colonial Enquiry contained a positive recommendation for the establishment of a consolidated agency. The new appointments, which were made, somewhat inappropriately, on the 1st of April 1833, were styled "Joint Agents General for Crown Colonies" and the agents, after appointment by the Secretary of State, bore direct responsibility to the several Governors of the colonies served. Thirteen British colonies, known then as the "Crown

Colonies," were supplied by this newly formed Crown Agents' Office. By 1845 this number had increased to twenty-two and now, 131 years later, the Crown Agents are acting as financial, commercial and professional agents for over 100 governments and over 200 public authorities and international bodies. Although a large number of Principals are former colonial territories, now members of the Commonwealth, nearly a fifth of them have never been members of the Commonwealth. The Crown Agents undertake substantial business with several Arab Emirates, for example, and while they have lost a few Principals they have gained many more. Some have left, Sri Lanka for instance, only to return at a later time. In the last few years new Principals have included Abu Dhabi, Colombia, Ethiopia, Indonesia, Iran, Nauru, Oman, the Philippines, Pakistan, Peru, Thailand and Zaire.

### Diversification

In the early 1960s it was thought by some that the independence of their most important Principals would lead to a reduction in calls on the Crown Agents' services. For the first few years this did appear to be the case. In 1962 orders fell to \$46m. from the previous level of \$56m. Over the next few years, however, procurement orders improved and in 1975 stood at \$165m. This success has only come about because the Crown Agents have been both able and willing to diversify their services to meet Principal's changing needs.

The services they offer include:

- (i) buying, shipping and arranging the insurance of stores, materials, plant and equipment of all kinds;
- (ii) technical inspection of stores, materials, plant and equipment of all kinds;
- (iii) providing professional and technical advice and practical assistance particularly in connection with engineering and supply and materials man-

agement matters, including supervision and management of projects;

- (iv) the management of Investment Funds;
- (v) the acceptance of moneys in various currencies deposited by Principals and the quotation of rates for such deposits;
- (vi) the making of miscellaneous payments for Principals;
- (vii) the provision to Principals, where appropriate, of financial facilities in connection with their use of other services;
- (viii) the management as Registrar of Principals' public sterling loans;
- (ix) the management for Principals of other loan raising and servicing operations;
- (x) the purchase on behalf of Principals of real estate and related property management and advisory services;
- (xi) the negotiation of contracts for the design, security printing and supply of currency notes and postage stamps, minting coins, and sales of postage stamps and coins for collectors;
- (xii) the provision of personnel services, such as recruitment of staff for Principals, booking sea and air passages, payment of salaries, allowances and pensions, and management of pension schemes and funds;
- (xiii) the provision of a comprehensive and completely independent Appraisal and Certification service to Ministries of Finance, Treasuries and Plan and Budget Organisations — or Executive Agencies — of overseas governments embarking on major development plans or multi-input construction projects, involving prime cost (or cost plus) contracts or turnkey bids.

An important part of the Crown Agents' business lies in the buying, shipping and insuring of stores, materials, plant and equipment. While they have been involved in this type of work since the earliest days of the agency, the expertise now offered is greatly increased. They buy anything and everything for Principals from shoes to satellite stations; from medical drugs to aircraft; from writing paper to barges.

The Crown Agents supply a service of technical inspection of stores and also offer training courses to store managers. Inspection of stores has led the Crown Agents into some interesting sidelines. Some time in the distant past they acquired the obligation of inspecting the material which goes to make up British policemen's uniforms, and so continue this function to the present day.

The professional and technical advice and practical assistance, including the supervision and management of engineering projects, has expanded rapidly since the 1860s, and particularly so in the last decade. The Engineering Services Department was set up to provide the whole range of engineering services from advice on a minor problem through feasibility and design



The Crown Agents inspect goods to the value of just under £2 million a week on behalf of their Principals. Here an Inspector is checking pipes in Hong Kong for delivery to Brunei.

studies to the complete design, supervision and management of construction of a major project. For major complex projects, the Crown Agents can form and lead a suitable consortium of consultants, or alternatively, recruit specialists to cover any particular skill not available within its own organisation. The value of the projects in connection with which the department has provided services has increased from \$6m. in 1966 to over \$200m. in 1976.

In 1968, Millbank Technical Services Ltd. was established as a wholly-owned subsidiary company of the Crown Agents which can enter into contracts and bring together in a single contract various companies providing equipment or services, and if necessary an input from a British Government Department, to complete a project. At present MTS is handling a large number of contracts, exceeding \$1,000m. in value. The Crown Agents field of operations also extends into the philatelic world, negotiating contracts for the design, security printing and supply of currency notes and postage stamps and the minting of coins. They see the process through to the end by arranging contracts for sales of postage stamps and coins to collectors. The revenue deal with them because they

(Continued on next page)



Throughout 1901 the first steam tramway in Africa was being built in Lagos and was completed the following year. For over 140 years the Crown Agents have helped in the development of emergent countries.

## The dogs that went soft

1,000 consignments a week carry goods ordered by the Crown Agents for their Principals. These vary from Alsations to turbo-engines, as **TERENCE HIGHTLEY** discovered.

Every week just under 900 orders are placed by the Crown Agents on behalf of their Principals somewhere in the world. These orders are for goods as simple and small as a shoelace to equipment as complicated and bulky as a TV station. And every week just over 1,000 consignments have to be despatched from manufacturers in over twenty countries to ports and airfields in every continent.

This is the work of the Crown Agents Shipping services who in the last few months have shipped a shrimp trawler to Nigeria, relief supplies to Guatemala, an Olympic swimming pool to Katmandu, 3,000 cases of coin and currency, a field hospital to Mogadishu, road-building equipment to Iran, South Yemen and Sudan, TV machinery to Brunei, Post Office equipment to Hong Kong, pumping equipment to Bangladesh, fireworks to the Seychelles for Independence Day and 100,000 tons of fertilisers to a dozen countries.

Today 40,000 consignments of around 300,000 tonnes are dispatched annually by sea, with a further 13,500 consignments going by air with a cargo weight of 2,500,000 kilos. A large number are general cargo items of up to 5 tonnes which the Crown Agents ship under a standard allocation per vessel, but in the last five years the trend is towards more complex arrangements on a major scale.

The extraordinary wide range of goods by size, nature, value and sheer difficulty are all treated with the well established priorities of how safe, how quick and how much? Sometimes they are sent to ports regularly serviced by ships discharging at ocean terminals; sometimes to ports where cargo has to be taken by

lighters outside the port; sometimes the goods are offloaded at the nearest port many miles away. Recent shipments to Afghanistan, for a cotton gin, have involved shipping to Leningrad and hence overland via Kushka on the Soviet side and Torgundi on the Afghan side of their border. This mixture of sea and overland cargoes is growing as ports around the world become congested, and alternative methods of transportation are sought.

Fifty years of experience gained from past consignments plays an enormous part in ensuring that the right ship has been chosen; in negotiating the best rate; and in the handling of large and difficult cargo requiring stacking and dovetailing. Once the goods are on the quayside ready for shipping the CA dockside staff take over at U.K. ports like London, Liverpool, Avonmouth, the Cowes Roads, Dover and Falmouth. Working with port staff they give special attention to security cargo, the care and treatment of livestock and dealing with any problems on the spot as representatives of the Crown Agents Principals.

Once the goods are loaded the storage reports are prepared, the Bills of Lading are signed, collated with the stores invoices and then dispatched to reach the consignee before the carrying vessel. Documentation is of paramount importance in shipping, and must conform with the regulations of every country, the shipping authority, and Customs and Excise officials. Animals are a frequent request and in the last few months the Crown Agents have shipped goats and guinea pigs to Khartoum, a live ram to Montserrat, Alsatian dogs to Malaysia, day-old chicks to Nigeria, and sheep to Bogota. Animals present obvious unusual problems over the amount of inspection of their food, medicine, and quarters; the necessity for details of their sex lives to be known and the attention they need on the journey.

In spite of all efforts, not every consignment can go successfully. Not so long ago the Crown Agents shipped half a dozen fierce Alsations to a Principal in the Far East for use as guard dogs. When they arrived on board they were prepared to bite everyone on sight and so fitted the order perfectly. The Captain was apprehensive, but was assured by the Chief Stoker that he would personally look after the dogs. He kept his promise and during the 31-week journey spent all his spare time with the animals.

By the time they arrived in port the Alsations were so loving and friendly that they actually sat up to beg for food, loved the Chief Stoker like a brother and came down the harbour side determined to smile rather than snarl at the world. A few days after delivery to the Principal the CA received a letter complimenting them on the excellent condition of the dogs—a tribute to their handling on the voyage—but regretted that the dogs were totally unable to perform their duties. Would the Crown Agents please send six more dogs untainted by the milk of human kindness?

**Towed to Lagos**

A more successful story with a rather larger cargo came with the shipping of equipment to Apapa in Nigeria as part of the port decongestion programme. To alleviate the congestion that had been plaguing the Nigerian ports the CA placed orders for fork-lift trucks, cranes, barges, rugs, pontoons, tractors, freight-lifters and container handlers. The majority of these were shipped by heavy lift vessels, but the barges and pontoons were floated onto semi-submersible vessels. These were flooded to just below sea level, the cargo moved into position above them and the water was then forced out by compressed air so that the "semis" rose and lifted their loads out of the water. With their shallow draught they were able to follow an inshore route to Africa towed by tugs. When they arrived in Lagos the cargo was floated off by reversing the loading procedure. In the shipping world alternative methods to conventional

## Keeping standards high

In every manufacturing country in the world Crown Agents engineers inspect goods and equipment for their Principals, **MAX DEEDS** explains why.

It is frequently argued that inspection by a purchaser is unnecessary because suppliers have a legal obligation to supply in accordance with contract specifications. However, the receipt of defective goods or materials can result in costly delays, while legal actions against contractors can never wholly compensate for the inconvenience and hidden costs involved. Experience has revealed another beneficial effect in that the very presence of an inspector tends to raise standards.

The Crown Agents' inspection service dates back to 1904 and has been developed specifically to meet the needs of governments and public authorities throughout the world. It was originally designed to safeguard the quality of items purchased by the Crown Agents, many of which are ordered to their own specifications, and to ensure that they satisfy criteria of quality and suitability, bearing in mind the special requirements of the various climatic and geographical conditions met in the countries of their Principals. In recent years, however, the service has been extended to include contracts placed directly by Principals who prefer to make their own purchasing arrangements but who do not themselves have a suitable inspection facility.

Some 200 governments and public authorities utilise this service and the certificates rendered are accepted internationally for letter of credit and Customs purposes.

### Overseas inspection

The international nature of trade to-day, which is reflected in the pattern of the Crown Agents' own purchases, means that much inspection is carried out overseas, and there can be few countries which have not been visited by one of their inspectors to judge items as varied as cloth in Pakistan, railway rolling stock in South Korea, refrigerators in Australia, a fishing vessel in Mexico or earth moving equipment in Japan.

This world-wide service is manned by some 70 qualified inspecting engineers and technicians in many disciplines, all of whom have had experience in industry before joining the Crown Agents, and whose expertise in their specialist fields is respected by manufacturers and suppliers internationally.

The inspection staff operates from a system of regional and district offices, eight of which are located in the United Kingdom.

dom, with others in Germany, Japan, Singapore, India and Hong Kong. They are controlled from London.

The items they inspect include steel and other raw materials, machinery and plant, structures, vehicles, vessels and clothing. Before manufacture starts, inspectors decide what extent they should discuss inspection procedures with suppliers and sub-contractors and clarify any doubtful points in specifications. Thereafter, appropriate tests are carried out on materials and components. Visual, dimensional, functional and performance tests take place at appropriate stages; drawings, part lists and instructions are examined; and the packing or protection for shipment is discussed and approved. All these tests must be satisfactory before the final certificate of inspection is issued to the purchaser, together with reports detailing the tests carried out, and their results. Certificates to authorise payments are also provided.

Other services include the supervision of commissioning and acceptance tests on site, and the witnessing of sea trials in the case of ocean-going vessels. Items for repair can be examined during the unpacking of the goods sent to the contractor so that the extent of the repairs required can be ascertained and recommendations made to the Principal. The items are again inspected during repair and approved before despatch.

Non-engineering inspection is centred on the London office, where a fully equipped laboratory enables the inspectors to carry out physical and chemical tests, although, where necessary, other specialist testing houses are also employed. The bulk of the items inspected is formed of soft goods—material, clothing, footwear and leather goods—and paper, but a variety of other household, school, hospital and office equipment is also examined. Many of the items inspected have to comply with Crown and testing houses.

Currently, the Crown Agents are carrying out inspection on contracts with an annual value of around £100 million. The high regard in which the service is held has resulted in their being represented on the National Council for Quality and Reliability and on a number of British Standards Committees and their advice has been sought by overseas authorities concerned with establishing their own national standards and testing houses.

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## Continuing MTS growth

The Crown Agents formed Millbank Technical Services Ltd. to handle projects best served by a coordinating company rather than an agency. With an order book for over a billion pounds, mainly from the Middle East, MTS has dramatically extended the range of CA services. ALEXANDER McLaren describes its work.

MTS was set up by the Crown Agents ten years ago to extend the services offered to clients. It is a wholly-owned subsidiary which, unlike the Crown Agents, is a limited company and can therefore act as main contractor and as such can take advantage of the facilities provided by the Export Credits Guarantee Department. Like the Crown Agents, MTS work entirely for the public sector.

With the added backing of the Crown Agents, MTS can bring together the wide resources of British government departments and public sector bodies, combined where necessary with the many resources available in the private sector. Credit facilities can often be arranged, if required, with ECGD. The use of MTS whether for supply, support or package projects is particularly appropriate where government to government projects are envisaged.

In 1975, MTS supplied equipment and services to the value of £120 million and now has current contracts exceeding £1,000 million in value.

Although MTS is a limited company working in the commercial contractual field, it operates on a public service basis. It has, however, always achieved a surplus to provide suitable reserves for its scope and obligations.

The activities of MTS can be broadly divided into three major categories:

**1. Supply Services.**  
A procurement and supply service is offered for both civil and military goods and equipment; the service can include inspection, insurance and despatch as required and suitable equipment can often be supplied with the aid of credit and if need be, grouped together into a single contract with the client.

A wide range of goods and equipment can be supplied. On the civilian side anything from mining plant, public works equipment and sewerage plant to buses, agricultural machinery and laboratory and educational equipment. On the military side anything from sophisticated equipment for the three branches of the armed forces to the more straightforward items such as spares, training aids and ammunition.

MTS Supply division is staffed by professional buyers with many years' experience in their own fields. MTS also draws upon the expertise available in Crown Agents, British government departments and public sector bodies, to enable them to provide this service.

**2. Support Services.**  
MTS can provide skilled personnel to maintain and operate the equipment, both military and civil which is supplied, train local personnel and also train selected staff as instructors. MTS can arrange training in existing centres in the United Kingdom or establish the required facilities locally including if necessary English language training.

MTS can advise on the management and operation of training in military or industrial projects or on special

projects. Skilled personnel can be provided to initiate new projects and provide management while training local staff to take over these facilities.

The personnel provided to act in these support roles come from a wide range of sources available to MTS Support Services Division, including private or nationalised industries and British government departments. In the military sphere there is a very close relationship between MTS and the British Ministry of Defence. In this way MTS Support Services Division has successfully helped to set up military training schools, field workshops, a technical high school and maintenance units for naval craft. Large numbers of retired and serving military and naval personnel are employed on overseas support contracts by MTS.

Assistance in planning services can also be offered, particularly for military and naval workshops, incorporating the latest industrial systems and designs.

**3. Project Management Services.**

The third service offered by MTS, which can also incorporate both the supply and support services functions as necessary, is the provision of a complete package deal for an integrated project. In such cases MTS normally prefer to operate in a management co-ordinating agent or consultant role, and draw together personnel from within the MTS and Crown Agents' organisations, particularly the latter's inspection service, engineering services from specialist private sector companies and from British government departments and public bodies.

In certain circumstances Millbank Technical Services Limited is prepared to enter into a turnkey operation as the main contractor.

The complete package offered by MTS provides assistance in defining the total requirements; feasibility studies; preparation of initial concept and outline proposals; design, both architectural and engineering; preparation of drawings, estimates and specifications; issue and appraisal of tenders; letting of contracts and appointment

of sub-contractors; planning and programming of the project; procurement, including expediting, inspection, insurance and despatch; control and supervision of contracts, including financial and quality control, together with final commissioning; initial appraisal of the project and appraisal of work performed and invoices presented; and support services in operation, maintenance and training including instructor and language training.

MTS are able, therefore, to provide a complete project package, from initial definition, through to the handover of a completed project fully equipped and staffed with trained local staff or with expatriate staff seconded on a temporary basis.

Other examples of contracts

in which the Division has been involved or which are under negotiation are a survey and recommendation for the up-dating of a network of airports, the setting up of lubricants laboratories, the design and the building and equipping of hospitals.

Among the countries where Millbank Technical Services have operated are Algeria, Argentina, Bahamas, Bahrain, Barbados, Chile, Guyana, Iran, Jamaica, Jordan, Kenya, Malaysia, Morocco, Nigeria, Philippines, Sierra Leone, Swaziland and Tanzania.

The surge in growth to an order book of over £1 billion and a staff of nearly 700 around the world reflects the demand for large engineering and technical projects from nations wishing to implement their development plans. MTS is able to act for the most part as managing agents of a project aiming to bring together the best consultants and technicians, and make the financial arrangements. Backed by a century's experience in government to government dealing and with a decade's experience in arranging credit facilities from countries, development organisations and banks, MTS is supplying the much needed co-ordinating function which so many nations seek. In each of its first two years MTS signed only one contract. To-day it is one a fortnight.

## A century of service

CONTINUED FROM PREVIOUS PAGE

know and put their trust in the

highly integrated organisation

of specialists which they have

to offer, and it is important to

record that the United Kingdom

Government has recently clearly

demonstrated its intention to

ensure the Crown Agents' services

continue to be available by making

to them a recoverable grant, giving an

assurance that HMG stands

behind them and, proposing in

a White Paper (Cmnd. 6448),

their conversion into a public

corporation.

The faith which Principals

have in them has been reflected

in the pace of the Crown

Agents post-war development

which has been extremely rapid.

Far from declining as a

result of the independence of

the British colonies, this change

forced them to examine their

services and to undertake

expansion in selected areas.

To-day the office of the Crown

Agents for Overseas Govern-

ments and Administrations—to

give it its full title—has become

one of the largest export

agencies in Britain, ordering on

behalf of its Principals, over

£110m. of British goods and

equipment last year. It offers

a complete service to all the

developing countries from a

simple acquisition to a major

technological programme. There

is no other organisation in the

world with its experience and

breadth of services, and its new

growth reflects the confidence

placed in it by leaders of

developing countries.

## Appraisal and certification

As a further service to Principals, the Crown Agents has recently set up an Appraisal and Certification Service. It is designed to assist international and national aid agencies, Ministries of Finance, Treasuries and Plan and Budget organisations of overseas governments embarking on development plans or multi-input construction projects. The services can be made in whole or in part either as an independent unit or by secondment of quantity surveyors, cost accountants and other specialist staff to work within existing organisations.

The Appraisal and Certification Unit is currently working for the Ministry of Defence and Millbank Technical Services Ltd., the wholly-owned subsidiary of the Crown Agents, on large construction projects in the Middle East.

The aim of the appraisal service is to assist the Principals'

own staff in the development

of sound techniques of

appraisal. This covers such

matters as economic appraisal

of proposed multi-input pro-

jects or package bids with cash

flow charts; cost benefit analysis;

appraisal to ensure com-

patibility in terms of quality

and performance within real-

istic time scales; appraisal of

design and construction costs

leading to a budget; and advice

on the preparation of design

briefs. It can also assist in the

selection of the design team,

forms of contract and tendering

procedures; and advice on

selecting contractors and sup-

pliers. This includes Principals'

internal procurement and

purchasing policies for plant,

equipment and construction

materials supply; advice on cost

planning; advice on budget con-

trol, performance bonds, insur-

ance requirements and on the

need for construction site

materials manufacture facilities

and their long term value to

the local economy.

The certification service on

the other hand sets out to assist

the Principals' own staff in the

introduction of the essential

financial control systems follow-

ing acceptance of a bid on a

cost-plus, turnkey, schedule of

prices or other contractual

method. Where cost escalation

due to inflation or design devel-

opment is inevitable during

the construction phase, the

need to use these special skills

can be of critical importance.

The Crown Agents offer

advice on the validity of sub-

contract or sub-supplier pro-

posals to ensure that sub-

contracts are entered into on

a sound basis in relation to

value for money, quality, per-

formance and the overall time-

scale requirements of the main

contract. It also offers advice

on financial provisions and

development of systems of cost

planning, budgetary cost con-

trol and interim payment cer-

tification procedures; on defini-

tions and categories of reimburse-

ment, including expenditure

verification and validation of

planning and progress control

systems and reconciliation with

progress payments; advice on

provisions for variations arising

from additions or omissions to

the scope of the work, and cer-

tification of the final account on

completion as defined in the

contract.

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vision of these services, the

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able training courses for locally

recruited staff in the techniques

and procedures of appraisal and

certification.

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# The corrosive effect of cynicism

THE ARGUMENT between Keynesians and monetarists in this country usually comes down to a question of interest rates. The Keynesians—those who would like to see the economy grow—would like to see interest rates low enough to encourage investment and to encourage the banks to lend. The monetarists—those who would like to see the economy grow—would like to see interest rates high enough to encourage saving and to discourage the banks from lending.

Monetarists reply that if only their own prescriptions were followed, then inflation and interest rates would in due course be reduced, and we would attain our desired state of affairs. The dilemma is simply that the market and the monetarist are not the same thing. In practical terms, the monetarist suffers a fatal flaw: he never achieves his ends.

One likes to describe this debate as sterile, but the platitude won't do: the argument has been given birth to a monster, a generation of largely cynical dramatists. Neither the Treasury nor the Bank of England has at any time actually been converted to monetarism, and for a very good reason: nobody, even on the academic side of the argument, has ever produced a convincing demonstration that their hypotheses actually hold good for the U.K. economy—hence the extraordinary fact that three economists who recently tried to

validate the various economic models of the inflation process, and published their results in the *National Institute Review* last week, were unable to find a monetarist model to test. At

the same time, monetarist arguments from the Opposition are embarrassing, and monetarist requirements from the IMF are sometimes compelling. The result is a monetary regime which is unconvincing because it is unconvincing. It is in its severity, its self-righteousness, its ambiguity in its objectives, its proneness to gadgets and to window-dressing. The corrosive results of this cynicism will appear shortly.

However, the monetarist-Keynesian debate is sterile in another sense: both sides in the argument are in fact presenting a travesty of the arguments they think they are espousing. Keynes never for a moment supposed that the money supply didn't matter; and Prof. Milton Friedman, by far the most intelligent monetarist, has recognised—and solved—the interest rate problem.

Prof. Friedman, working in his own frame of reference, has identified what he calls the "real" problem in terms of expectations. After a period of inflation, those with money to invest are worried about continued inflation, and demand the best compensation they can find against it. Borrowers, on the other hand, are worried that if inflation should abate, high nominal interest rates will impose an insupportable financial obligation on them. Uncertainty about future inflation rates therefore inhibits commercial investment.

The problem, he suggests, can only be solved by indexed finance, in which the value of debt will be adjusted for future inflation; by thus consigning inflation to a formula, the market can work out a stable—and

in a recession, a low "real" cost of credit. Failing this, investment and the economy will only revive when not only inflation has been eliminated, but the fear of inflation has abated too.

The sudden performance of the Western economies at the moment seems to support this part of Prof. Friedman's theories at least as strongly as the inflation has demonstrated his better-known theses; but

there are other explanations of schools: the industrial bond market has dried up (as Prof. Friedman has predicted), while those industries whose real capital has a long life—housing, railways, shipping, and public utilities generally—have found themselves at an increasing disadvantage, driven into debt at all dependent on recent loan capital.

Indeed, the arguments have so often been stated, and in so many forms, that two illustrations must suffice to illustrate the potential, before we get down to detail and to official objections. Most market observers believe that at the moment an indexed irredeemable security would find a very large market at a yield of 2-3 per cent. (and some brokers think it would be lower). At

such a cost of capital, housing could be let without subsidy, and the railways would probably be profitable, with the one proviso that rents and fares would rise in line with other prices, instead of rising faster, and without eliminating the need for growing subsidies).

On the national scale, the servicing of a wholly consolidated national debt would require about 12 per cent. of national income, instead of the

present 6 per cent., and this fiscal burden would be significantly lower so far as existing debt is concerned. The public sector borrowing requirement in 1977/78 would be a prospective £3.4bn. instead of £9bn.

The authorities have long been aware of these arguments; why, then, is indexation apparently permanently shelved, and hardly even the subject of any serious study? Conversations with officials have produced a large number of objections, which can roughly be summed up under three heads: indexation would actually raise the cost of public borrowing; indexation of Government stock would lead to a rapid spread of indexation throughout the financial system; and it would cause

an unpredictable upheaval in financial markets. Anyway, no one else of any importance has tried it.

The idea that borrowing at 14 per cent. is in some sense cheap is deeply ingrained among officials. It is based on a misunderstanding of what Keynes meant by the "real" rate of interest, generally now defined as the rate of interest less the rate of inflation. It is necessary in the Keynesian model simply to make sense of the concept of negative interest rates, which Keynes said would be required in certain conditions of slump (such as the present); but it is a measure which can only be applied to the present and the past, when inflation rates are known. If you point out to officials that long-term bonds at 14 per cent. can only be described as cheap if you assume that double-digit inflation will persist through the whole life of the bond, they hotly deny assuming anything of the kind; but the claim that high interest rates are cheap can only make sense on this assumption. This is what I mean by the corrosive effect of cynicism: it goes underground.

In any case, the argument is not applied consistently. If high-coupon finance were indeed cost-free, it would be absurd to require nationalised industries or housing authorities to cover their interest charges: interest payments would simply be capitalised—yet the total debt burden, in real terms, would constantly be shrinking—as long as there was enough inflation. Yet what would rightly be described as idiotic profligacy in the management of a public enterprise is complacently

adhered to in the national finances.

This particular argument has lost much ground in the Treasury since the last White Paper on public spending showed how rapidly negative interest rates could become large and positive should an anti-inflation policy succeed; and the Government has also begun to realise the damage which high nominal rates do to the private sector (a point which did not even occur to the thinkers of the Labour Party National Executive Committee). The second-line objection therefore comes into play: where would it all end?

**Dilution**

Indexation of wages, such a disaster under the Heath incomes policy, is a hard ghost to lay. This could be a real fear if real purchasing power were the only basis for an index, for no Government has the power to guarantee real incomes against changes in the terms of trade (the pit into which the Heath policy fell) or for that matter against drought and disaster. However, other measures avoid this trap: a proportion of money GNP, of real national disposable income, or an index tied to wages themselves.

This last has a special appeal, since it would closely match the needs of pension funds, and at the same time ensure that rentier incomes would be restrained if wages were restrained, avoiding accusations of unfair treatment at times of squeeze, but some dilution—through partial indexa-

tion, or a cost-of-living constraint—might be possible without destroying the attraction of the bond. Such dilution would also help to still the extraordinary fear that any form of indexed bond, even an irredeemable one, would be so attractive as to destroy the market for any other form of security (as if demand could not be controlled by a low enough yield).

The problems of indexing capital are simply imaginary: there is no need to consider it in the context of an irredeemable security—the appropriate instrument for consolidating the national debt. The market would "index" the value of a known stream of real income—but it would not be constant, any more than Consols had a constant price in the days before inflation was a worry.

In the last analysis, the true objections to indexation reveal themselves: a fear of the unknown, and a fear of being thought "Latin American"—indeed, some officials think that the issue of indexed debt would be read as an admission that inflation is here to stay—when in fact their own argument against indexing are partly based on this very assumption. All that would in fact be admitted is that present monetary methods are unlikely to solve the problem except at an intolerable cost in depression and social upheaval—an admission which the facts seem to support more strongly every day. Is the adjustment to reality, like so many previous ones— from devaluation to incomes policy—to be left until the damage is virtually beyond repair?

Is the adjustment to reality, like so many previous ones—from devaluation to incomes policy—to be left until the damage is virtually beyond repair?

## Letters to the Editor

### Rolls-Royce and the RB.211

From Mr. F. P. U. Croker.

Sir,—In your issue of June 10, 1976, you published a statement by the Receiver and Manager of Rolls-Royce Ltd., in which the following sentence appeared: "It has to be recognised that the RB.211 assets have a book value of approximately 40% of their original cost, and have no prospect of value making any profit for many years to come."

The shareholders, in fact, did not receive a penny of compensation for the RB.211 assets. Now, in your *Airspace Survey* of September 6 you report: "The Government will receive £50m. of RB.211s. This compares with a loss of up to £45m. which was forecast in 1971 when the Rolls-Royce collapse."

It is not transparently clear that the profit now accruing to the Government has been made at the expense of the original shareholders (before the Receiver's appointment) as a direct result of a bogus bankruptcy, engineered to its eternal shame, by the Conservative Government, by the simple expedient of withholding previously promised financial support at a time when, relying on that promise, the company had, in the National Interest, locked up all its cash resources in the development of the RB.211.

Shareholders do not, admittedly, rank high in the Socialist index of priority, but if investment in industry is to be given the necessary encouragement of large and honest treatment by the Government in power, whether Socialist or Conservative, would it not be an act of pragmatic wisdom, as well as an act of justice, to remedy the injustice to the pre-Receiver shareholders of Rolls-Royce, whose contribution hitherto, despite the efforts of the Receiver, has been altogether inadequate?

Since the £50m. already realised in profit is virtually certain to prove the precursor of very much larger sums as an ever-increasing number of RB.211s and later developments are sold up to the end of the century, this remedy may take the form of a special scrip issue of Rolls-Royce 1971 stock to those shareholders, who may not look for a just return on their whole transaction, even if a reduced one.

Yours faithfully,  
F. P. U. Croker,  
14, Dorchester Crescent,  
Willesden.

### How costs get pushed up

From Mr. Lyubo Sir.

Sir,—Your article on "How costs get pushed up" (September 6) requires to be linked to two papers that Jacques Joffe published in the *Revue d'Économie Industrielle* of 1975 and 1976 and of which he founded his audience at the 1975 meeting of Mont-Pèlerin Society in January this year. The work showed an almost complete correlation between the actions of real wages and unemployment in Britain at that time. At the meeting, he also presented his new calculations of 1963-1975 confirming the correlation of almost 40 years.

In his own words, the findings are in line with the classical theory. In fact, it only stands to reason that real wages (including taxes) in excess of labour productivity make marginal enterprises unprofitable, so that they are closed down. It is possible to remedy the situation by Keynesian methods as long as the trades unions demand given

nominal wages; but certainly not if they insist on excessive real wages. This relationship has nothing to do with capitalism or socialism. It is almost physical, in socialist Yugoslavia, there is inflation and unemployment just as in Britain. In the Soviet Union there is not. Not, however, because they have a better system, but because the police sees to it that workers accept the wages they get.

You, leader writer, wonders what caused the tremendous acceleration of wage claims in recent years. To my mind, the explanation is largely to be found in the revival of Marxist illusions over the last 10 years or so, among those who do not consider themselves Marxists, or know nothing of Marxism. People seem to believe that there is a "surplus" somewhere from which "the Government" can raise wages, investment and public expenditure simultaneously, and act accordingly.

Further, they expect that planning ("planning agreements") will replace markets and open new horizons, although, where it has been tried, planning turned out to be little more than an ineffective magic word.

It is important to repeat in week of the TUC Congress that it would be a catastrophe if the trade unionists reacted to the present level of unemployment by demanding the re-introduction of what is called "selective bargaining". The possible higher wages as a result would only make unemployment worse, since they have caused it in the first place. And "socialist policies" such as direct investment, which would create employment but at the price of lower real wages than they would be if real wages in line with physical output had been accepted in the first place.

### Trades unionists as directors

From Mrs. Mildred Wheatcroft.

Sir,—Should not everyone concerned about the regeneration of British industry unite in opposition to the Bullock Inquiry Plan as described in John Elliott's article in September 21? I can make no good reason why a householder should not have the right to pay for his water in the same manner as an industrial consumer, if by being economical he can save sufficient water to more than pay for the meter rent.

The position in the Wrexham Company, in a nutshell, is that metering of water to private houses should be allowed, where economic, in the interest of saving water. H. Seddon, 21, Egerton Street, Wrexham, Cheshire.

**A shower is cheaper**

From Mr. P. H. Heath-Saunders.

Sir,—What the drought has taught us, if nothing else, is that the metering of water to households must be given a high priority. We should then get away from the nonsense of the water rate based on the rateable value of the house. This would give us an opportunity of putting all meter readers into a separate organisation and using the existing gas and electricity meter readers to be taught to read one another's meters so that one man can read electric, gas and water meters at one and the same time. The savings on meter reading staff would be enormous. I think, and households could be encouraged to install showers and use them rather than waste 25 gallons a

### Expensive water meters

From the General Manager and Engineer, Wrexham and East Denbighshire Water Company.

Sir,—I was interested to read Ruth Epps' reply (August 31) to my letter of August 25. I do not think the doubtful pleasure of the privilege of having her water

measured would be sufficient inducement for her to move from New Romney to Wrexham! Sir John Arbuthnot (chairman of the Folkestone and District Water Company) whose letter was published on the same day as mine (August 25) is quite right in saying that metering for most consumers of water would be uneconomic although he may not be quite accurate in suggesting that it would more than double the average water rate charge. It is worth pondering that water is so cheap that it is not economic to measure the quantity supplied to most consumers.

The economics of water metering are shown quite clearly when a separate and economic rent is made for the meter and when such rent includes for all the costs associated with metering. Thus, the quarterly cost in the Wrexham Company for a 1 inch meter is made up as follows:

Interest on capital cost of meter	0.14
Repair and changing	1.45
Reading	0.82
Depreciation, records, etc.	0.08
Quarterly rent for 1 inch meter	2.19

It is the company's practice, due to the nature of the water supply, to change the meters for repair every four years, so even if changing and repair were increased to six years and if electricity, gas and water meters were read by one man, as suggested, thus reducing the cost of metering to say half, it would be too much to expect the cost to be reduced to a third due to bureaucratic overheads! The meter rent would still be £1.44 per quarter. Even this would be a very high percentage of the charge for water to most householders. Metering therefore will not be economic for all properties until the price of water is greatly increased. Furthermore, it must be appreciated that metering involves also an initial capital charge for the installation which would be the liability of the householder whilst metering is optional.

Since the basic charge for water by meter must be in step with the charge for water by rate (see Water Act 1973), I can make no good reason why a householder should not have the right to pay for his water in the same manner as an industrial consumer, if by being economical he can save sufficient water to more than pay for the meter rent. The position in the Wrexham Company, in a nutshell, is that metering of water to private houses should be allowed, where economic, in the interest of saving water. H. Seddon, 21, Egerton Street, Wrexham, Cheshire.

### Protection for the new elms

From Mr. Michael Colston.

Sir,—I was most interested in your correspondent's article (September 2) regarding measures being taken to dispose of surplus elm timber both usually and profitably. He makes the alarming point that a few people expect more than a handful of the 22m. elm trees in Britain to survive. Having dealt with the immediate problem he does nothing to suggest where he goes from here. What future is there for the amenity or for its economic value. Since hedgerow elms provide timber without taking up valuable land which could be used for other purposes, and they form valuable shelter belts for the farmer.

### Not all apples are apples

From Mrs. Joan Langrognet.

Sir,—The price of apples is one thing, but quality is another. September 21, but may I add a plea for a real choice of apples—world wide.

I suspect the FAO and big business of reducing our choice of apple to the tasteless Golden or Starkins literally throughout the world. I saw "Golden" apples from Australia, the French have had nothing else to offer for years, and even in a country like Turkey, whose indigenous varieties are infinite and delicious, the farmers can be made to offer you only these two varieties.

I don't want to know whether they are excellent croppers, what I want is an apple that tastes like an APPLE. Joan Langrognet (Mrs.), Sutton Lane, W.A.

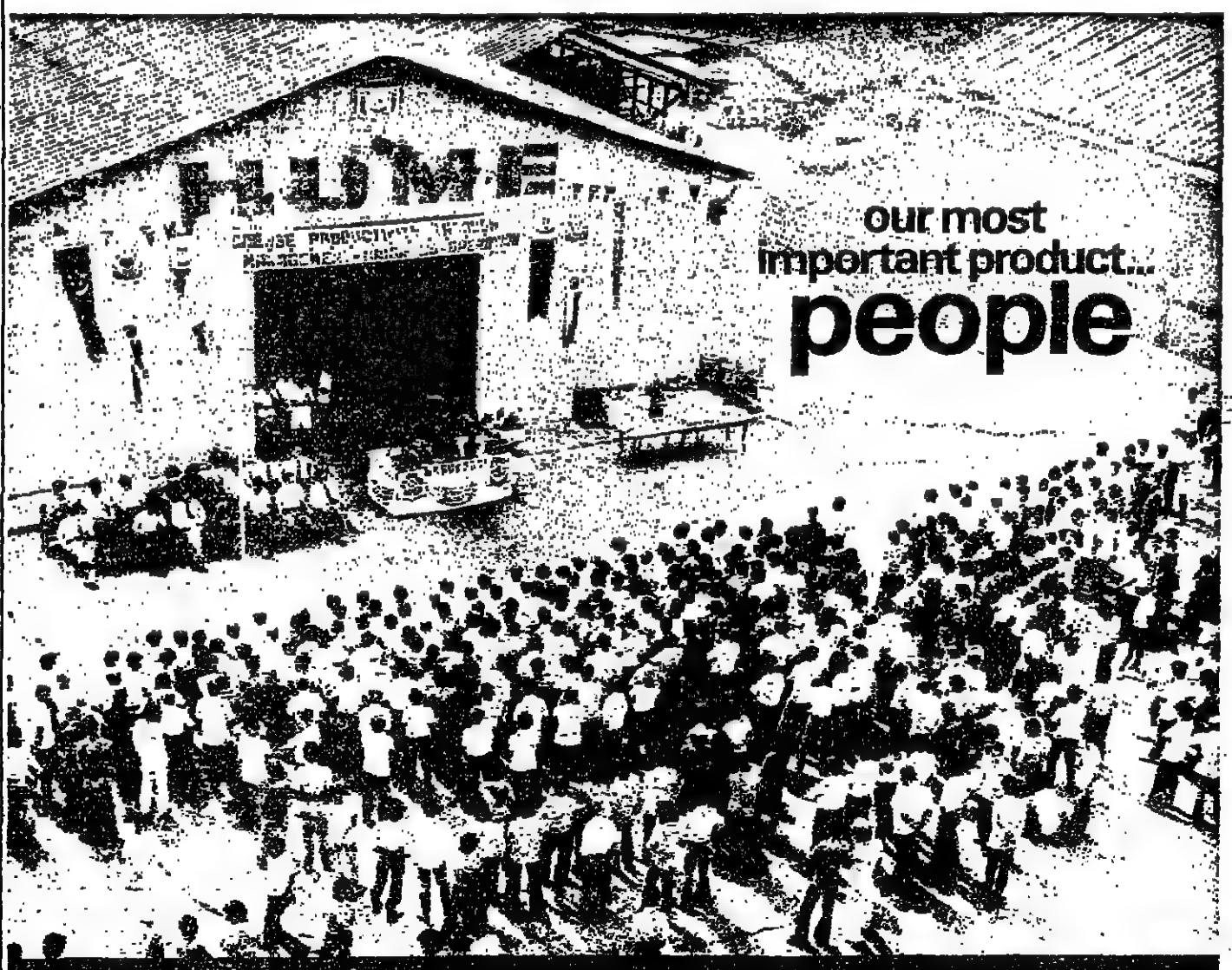
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On examining dead and dying elm trees in several counties, I am delighted to find that the suckers are forcing their way upwards over a wide radius from the stricken parent. Despite reports to the contrary these appear to be unaffected by the disease.

My concern is this: in counties where hedgerow elms form part of the traditional landscape, what chance of survival have the suckers now that hedges are maintained by tractor driven hedge cutters, which are quite incapable of differentiating between hawthorn or elm sapling. Perhaps the answer is for farmers who care to wait their hedgerows before cutting to select the most vigorous saplings for development, and then mark them with a stake so that the hedge cutter can avoid damaging them.



We manufacture a great variety of products in steel, concrete, plastics and asbestos. We make them in tremendous quantities, to the highest international standards, for local usage and our ever-expanding export markets. But the most important fact is this: All these products are made by people.

Hundreds of them, in our Singapore organisation alone. An organisation like ours is built on the type of people we produce through intensive training which has helped them to master the highly technical and associated skills which guarantee the excellence of our products. Our people. Hume people.



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## BSR surges ahead to £13m. at six months

ANGLO AMERICAN CORPORATION OF SOUTH AFRICA LIMITED

Transfer Secretaries:	Secretaries
Consolidated Share Registrars Limited,	per C. L. Maltby
82, Marshall Street,	Senior Divisional Secretary
Johannesburg 2001.	
(P.O. Box 81051 Marshalltown 2107),	Registered Office:
South Africa.	44, Main Street,
	Johannesburg 2001,
	South Africa.
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Johannesburg 2000.	

**Guardian  
Royal Exchange  
Assurance**

**KNOWN TO THE PUBLIC**—The 1930s, which began with the end of the war, were a period of rapid growth and development. The company's sales increased steadily, and its production facilities were expanded to meet the growing demand. The company's success was due to its ability to adapt to changing market conditions and to its commitment to quality and innovation.

The 1976 underwriting account, which will not be closed until the end of 1978, has started well. Balance on the 1974 and 1975 underwriting accounts reflect the upward trend of business failures which began in mid-1974 and which still continues, albeit less steeply. At the moment, economic conditions seem likely to have a favourable influence on the 1976

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share last year's total was  
6,835,72p.

**CURRENT TRADING AND PROSPECTS**

There are indications of an improvement in trading conditions. Turnover for the first three months of this trading year in volume terms is showing a slight increase over the corresponding period last year. Nevertheless, it would be unwise to be anything but cautious in forecasting the level of profits for the current year.

The Company's liquidity position is strong. A new deposit in sterling will be received shortly and will further support the

According to the directors, the prolonged exceptional summer weather may well affect the early demand and sales of Asturon and

## Trade Indemnity

Premiums written on the three open underwriting accounts of Trade Indemnity Company in the first half of 1976 totalled

The 1975 underwriting account, in which £0.5m. was transferred from profit and loss account at the end of last year, showed at end-June a credit balance of £1,399,000 after making provision for all known claims. The credit balance on the 1974 account a year ago was £1,042,000.

The interim dividend is stepped up from 2.5p to 2.75p net per 23p share. Last year's total was 6.8372p.

Company's activities in the past year.

share last year's total was  
6,835,72p.



## INTERNATIONAL COMPANY NEWS + EURO MARKETS

## French oil merger challenged

By Rupert Cornwell

PARIS, Sept. 8

THE SOCIALIST and Left-wing Radical parties today decided to carry before France's highest court the Council of State, their challenge to the legitimacy of this summer's merger between the ELF-ERAP oil group, 100 per cent. controlled by the State, and its 51 per cent. subsidiary Societe Nationale des Petroles d'Aquitaine.

ELF-Aquitaine, as the new entity is called, is 70 per cent. owned by the Government through the State-controlled holding company ERAP. However 19 per cent. of this interest has been deliberately hived off to a non-voting shareholder to give the group as private a character as possible.

It is precisely this aspect which angered the French Left. In its belief that the transfer of the operating ELF assets to Aquitaine amounts to a switch of public sector assets to private enterprise and thus to a denationalisation.

Not only is such a step in fact contradictory to the nationalisation programme laid out by the existing Joint electoral platform of the Socialists and Communists parties here, but also—as the Left argues—in breach of Article 34 of the French Constitution. This stipulates that any such transfer be subject to Parliamentary approval. The merger in fact was ratified by official decree.

## Reshuffle at Renault

By Our Own Correspondent

THE APPOINTMENT of M. Christian Beaulac as Labour Minister in the new French Government has led to a big management reorganisation at the top of the State-owned Renault car group, of which he was managing director and number two behind the president, M. Bernard Vernier-Pallex.

His replacement in M. Bernard Hanon, a former business graduate of Columbia University and 44 years of age, who had risen swiftly through the group to handle its car division since December 1975, a responsibility which he keeps despite his promotion.

Meanwhile M. Francois Zanotti, president of the Savile truck subsidiary's supervisory board, becomes overall head of the industrial vehicle division, which also includes the Berliet lorry company acquired from Citroen almost two years ago.

M. Rene Meessemecker, the Secretary-General, takes charge of the industrial enterprises side—a sector that has grown considerably in importance with the rapid diversification of France's largest single car manufacturer in recent years.

## VMF-Stork runs into trouble

BY MICHAEL VAN OS

AMSTERDAM, Sept. 8



J. O. J. Sickinghe, chairman of VMF-Stork.

VMF-STORK, Holland's largest industrial engineering group, disclosed here today that this year's results would be "substantially below" those of 1975 when the net profit was Fls.27.7m. A Board spokesman refused to say whether this would rule out the possibility of a loss. VMF-Stork has suffered setbacks at a number of subsidiaries, which more reorganisations are being planned; and it states that, in addition, the hoped-for cyclical recovery has not been felt by the group.

The company was originally aiming to raise profits this year, but in response to bourse speculation about the VMF-Stork setbacks, its shares have taken a beating on the Amsterdam stock exchange in the past few days.

To-day's interim statement shows first-half net profits slashed to Fls.3.1m. from Fls.15.2m. in the same 1975 period. Orders received in the first eight months of this year declined to Fls.1.12bn. from Fls.1.25bn. last year.

The company blamed the setbacks on higher depreciation and research and development costs, and fewer non-recurrent revenue items. Although a number of VMF-Stork subsidiaries main-

tained or raised their contributions to corporate profits in the first half-year, there have been setbacks elsewhere.

The Werkspoor diesel engine company in Amsterdam was hit, as reported earlier, by faulty

machinery design which has been dealt with. However, these setbacks have caused extra costs and to cover these an undisclosed provision has been drawn up of which half has been charged to the first period and the rest to the second half-year.

VMF noted that the diesel engine market share has been maintained, despite the strong decline in the market for seagoing ships. Partly in response to that development, the company has stepped up sales to electrical power stations, which had made certain unquantified initial losses unavoidable this year.

VMF-Stork also revealed to-day that it was to start studies into the necessity of restructuring four companies where some 1,400 people are employed. It cites changing market prospects for the products manufactured. The companies, located at Utrecht, Hengelo, Velsen and Sneek are mainly active in the fields of foundries and general light engineering. It had already announced it was reorganising the Bronswerk Company at Utrecht and Amersfoort.

The announcement at a trade union meeting in Amsterdam later this evening that, in view

of the generally difficult situation in the domestic investment metal goods industry, the unions and the VMF-Stork management may hold exploratory talks with the Government on assistance for this sector. The unions turned down any early restructuring plans by VMF.

VMF-Stork said in to-day's statement that a new problem was seen in the layoffs made by the large shipyards into offshore and petrochemical installations, after the decline in shipbuilding. It issued a plea to the Dutch Government that, in restructuring the shipbuilding industry, it should consider the interests of companies active in the same markets as the shipyards. It also repeated its call to the Government for improved export credit facilities. "Those offered in Holland have long remained below what is offered to industry in the other industrial countries," it was added.

The company noted that the high interest levels and wage and social costs, continuing inflation, political and economic uncertainties at home and abroad formed serious handicaps for the investment goods industry was hardly showing signs of recovery.

## Sears Roebuck rejects the doubts, repeats forecast

BY OUR NEW YORK STAFF

NEW YORK, Sept. 8

THE WORLD'S largest retailer, Sears Roebuck and Co., projects continuing steady sales growth throughout the spring of 1977, despite concern among economists that a drop in chain-store sales, which began last May, reflected the more general trend.

Chairman Arthur Wood has gone so far as to repeat a Sears forecast that overall industry sales of general merchandising would increase by 8 to 9 per cent. in the second half of this year, and that Sears itself would keep pace with the increase.

As specific reasons for his optimism, Mr. Wood cited the fact that most of Sears' business with regard to appliances and home furnishings—which

account for over half of the general merchandise prices through the end of July were up only 3.7 per cent.

Though he would not discuss earnings, Mr. Wood expected that Sears would "maintain the improving trend" established so far this year—profit rose to \$22.2m. in the first fiscal half (ended July 31), from the \$16.7m. of a year previous.

Sales were up 9 per cent. from \$6.7bn. to \$6.15bn. The Sears-owned Allstate Insurance Company, one of the country's major underwriters, will also contribute to this year's profit. Allstate, though still taking a sizable loss for the year, is hoping to break even by the fourth quarter.

Mr. Wood went on to cite other general trends which have a bearing on the retail business forecast. Employment was up in July to 87.9m. people, higher by 2.9m. than this time last year. He explained that the unemployment rate, also up from last year, can be attributed to more people looking for work, rather than layoffs. Another factor contributing to his optimism is that "current disposable income is hoping to break even by the fourth quarter."

## Amfas raises interim payment

BY MICHAEL VAN OS

AMSTERDAM, Sept. 8

AMFAS, a major Dutch insurance company, has reported here today that its first-half net profits were up at least 11 per cent. on the same period last year, with the profit per share rising to Fls.7.91 (Fls.7.10).

The company said that its turnover amounted to Fls.442m. in January-June, which is 9.2 per cent. more than last year. Gross premiums life insurance was virtually unchanged at Fls.185m. (Fls.184m.), but accident insurance rose 5.4 per cent. to Fls.153m. Revenue from investments was up more strongly, by 33.5 per cent. to Fls.104m.

Amfas noted in its statement that growth had been adversely affected by the expected strong decline of once-only premiums cent. on the 1975 profits.

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percentage had risen further. Also the January storm affected this, though damage for own account remained limited to Fls.0.5m. as a result of the company's cautious reinsurance policy, it added.

## Pernod talks

PERNOD RICARD, Cusenier and CDC, said in a joint statement that they are studying the possibility of a full-scale merger.

The aim would be to re-launch sales in France of wine-based aperitifs, stimulate their exports and improve joint commercial strength and profitability, Reuters reports from Paris.

## Danish shares depressed

By Hilary Barnes

COPENHAGEN, Sept. 8

THE DANISH share market recovered to-day after experiencing one of its sharpest ever declines since August 20 when the Government put through its economic stabilisation programme. The all-share index fell from 117.5 on August 20 to 108.2 to-day, when the index recovered by 2.5 points.

Unexpectedly tight liquidity in the banking sector is one reason for the depressed share market, but brokers say that investors also consider the stabilisation measures unsatisfactory.

They are especially worried by a serious split between the ruling Social Democratic Party and the trade unions.

Bank shares are particularly depressed, with the index at 87.3. Bank earnings have been adversely affected by a 1975 law preventing the banks from widening interest rate margins on deposits and advances. At the same time, falling bond prices mean that their final net results in 1976 after asset impairment will be losses on securities will nearly all show losses or very small profits, unless the bond market unexpectedly recovers in the final months of the year.

## AUSTRALIAN COMPANIES

## Insurance recovery trend

BY JAMES FORTH

SYDNEY, Sept. 8

TWO INSURANCE groups—Mercantile Mutual Insurance Company and Commercial Union Assurance Co. of Australia—today reported sharp profit recoveries in 1975-76. They are the first major insurance companies to report for the year.

Mercantile Mutual boosted earnings from \$A108,000 to a record \$A37,7m. A major factor was a reduction in workers' compensation and motor business. Underwriting loss before reinsurance recovered from \$A24.3 to \$A12.7m, but recoveries dropped from \$A15.6m. to \$A4m., resulting in the net underwriting loss actually moving up from \$A3.7m. to \$A8.6m. Investment income increased from \$A7.3m. to \$A9.9m. Despite the return to profits CUA has decided to once again pass dividends.

The volume of premiums written after reinsurance dipped from \$A4m. to \$A78m., reflecting a reduction in workers' compensation and motor business. Underwriting loss before reinsurance recovered from \$A24.3 to \$A12.7m, but recoveries dropped from \$A15.6m. to \$A4m., resulting in the net underwriting loss actually moving up from \$A3.7m. to \$A8.6m. Investment income increased from \$A7.3m. to \$A9.9m. Despite the return to profits CUA has decided to once again pass dividends.

The results were due to higher premium income and the incidence of claims levelling out. Expenditure ratios also declined.

The life company had a record year, bolstered by super-annuation premiums, while investment income jumped from \$A5.1m. to \$A8.1m. The company placed lower emphasis on fixed interest stock than equities. Mercantile earned \$A58,000 from underwriting compared with a \$A37m. loss in 1974-75.

Dividend is held at 18 cents a share on capital increased during the year by a one for four scrip issue. Earnings covered by earnings of 33.8 cents a share.

CUA reported a profit of \$A970,000, compared with a \$A13m. loss in the previous year, a deficit which forced the company to cut back sharply in its operations.

A reduction in car insurance operations, an improvement in the May underwriting business and a jump in investment income were the main factors in the recovery.

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Elder has continued to diversify from the rural industry. In recent months it has increased its controlling stake in Lensworth Finance, bought the foreign exchange group, Alcatraz Mitchell, acquired some of the international trading activities of the troubled Gollin Holdings and has bid for woolbroker, Pitt Son and Badger.

If the group is to show any improvement in the current year, it is clear the Board expect it will again from the non-rural activities. The directors said the prevailing widespread drought in many parts of the country as well as the low livestock prices made it unlikely trading operations of the pastoral house would show any improvement in 1976-1977.

The result returns 21 cents a share compared with 17 cents in the previous year.

**Wormald Int**

WORMALD INTERNATIONAL security, fire protection and engineering group, has increased dividend from 15 cents a share to 16.25 cents on capital increased during 1975-76 by a 33 per cent. rights, following a 33 per cent. lift in earnings from \$A4.2m. to \$A4.6m. Earnings a share edged up from 38 cents to 39 cents and the directors said they were confident of continued growth in the sales of the year. The year was boosted by the inclusion of \$A548,000 earnings from the recently acquired valve group M. B. John. While Australia is still the group's largest market, overseas activities accounted for about 20 per cent. of turnover in 1975-76. The group is expected to contribute more in the current year. Wormald operates in New Zealand, South East Asia, U.K., Germany and Denmark and is looking at Norway, Sweden and Finland.

## Exchange rates hit Interfood

BY JOHN WICKS

ZURICH, Sept. 8

THE SWISS-OWNED group Interfood, which owns the Suchard and Tobler confectionery concerns, was again affected by the exchange-rate situation and the high level of the Swiss Franc during the past calendar year. Group turnover rose by only 3.1 per cent. to Sw.Frs.1.12bn. (1.08bn.) despite a 13.3 per cent. increase in sales in terms of local currencies.

Declines in chocolate consumption in several countries and the impossibility of passing on increased costs fully by raising

prices led to a further narrowing of profit margins. Consolidated should benefit from the gradual group profits after subtraction of minority shareholders' stakes the chocolate industry was again exposed to the problem of devalued Swiss francs. Prices for which the record levels booked in 1975. However, shareholders are again to be recommended payment of dividends of Sw.Fr.20 per "A" share and Sw.Fr.100 per "B" share.

For the current financial year 1976-77, the holding company in Zurich is providing a recovery in profits slower than had been anticipated. Although

new projects of the Interfood group are the intended construction of a raw cocoa processing plant in the Ivory Coast in co-operation with local interests and the pending completion of a joint-venture chocolate and confectionery plant in Brazil.

## SOUTH AFRICAN COMPANIES

## Messina takes out Premier minority



# CHASE HAS THE MEANS. ARE YOUR NEEDS DEMANDING ENOUGH TO PUT THEM TO USE?

*As one of the world's most resourceful banking organizations,  
Chase offers expertise and funds to solve the toughest financial problems.*

## YOU WANT TO MAKE YOUR BUSINESS GROW

You want to start up production or distribution in new markets. You want to build new factories. To update existing plants. You want to grasp the opportunities created by today's technology. You want to restructure your company's financial mix. You want to do a lot of things.

Many companies can do what they want using local resources. But your company may be among those needing international resources and international expertise. You may need Chase.

## HOW TO RAISE LARGE-SCALE FUNDS

Chase Manhattan Limited is the specialized merchant banking arm of the global Chase network. Experts at raising the large-scale funds required to meet

the most demanding needs.

A Eurobond issue or private placement may be the solution. Or we may syndicate bank credits of almost any amount.

During the first half of 1976 we managed or co-managed syndicated loans in excess of four billion dollars to governments, institutions, corporations and major projects worldwide.

## IT TAKES MORE THAN MONEY

You have your experts. We have ours.

Working together we can help solve your most complex problems. Inside Chase there are specialized teams of experts in all major fields - from petroleum and chemicals to electronics and agriculture, from pharmaceuticals to environmental systems.

That gives us the scope to assemble the necessary skills and experience, tailored to just about any purpose. The one man who will pull together all these services,

skills, expertise and experience is your Chase Relationship Manager. He's the Chase specialist in your business. Working with you day to day. Helping you with all your financial problems.

Problems like yours are our business.  
And we're helping to solve them for the world's largest corporations.  
Every day.  
It takes Chase.

**CHASE**





## A decade of non-stop growth ...

In the year ended 31 March 1976 the Group achieved record sales and profits for the 10th successive year

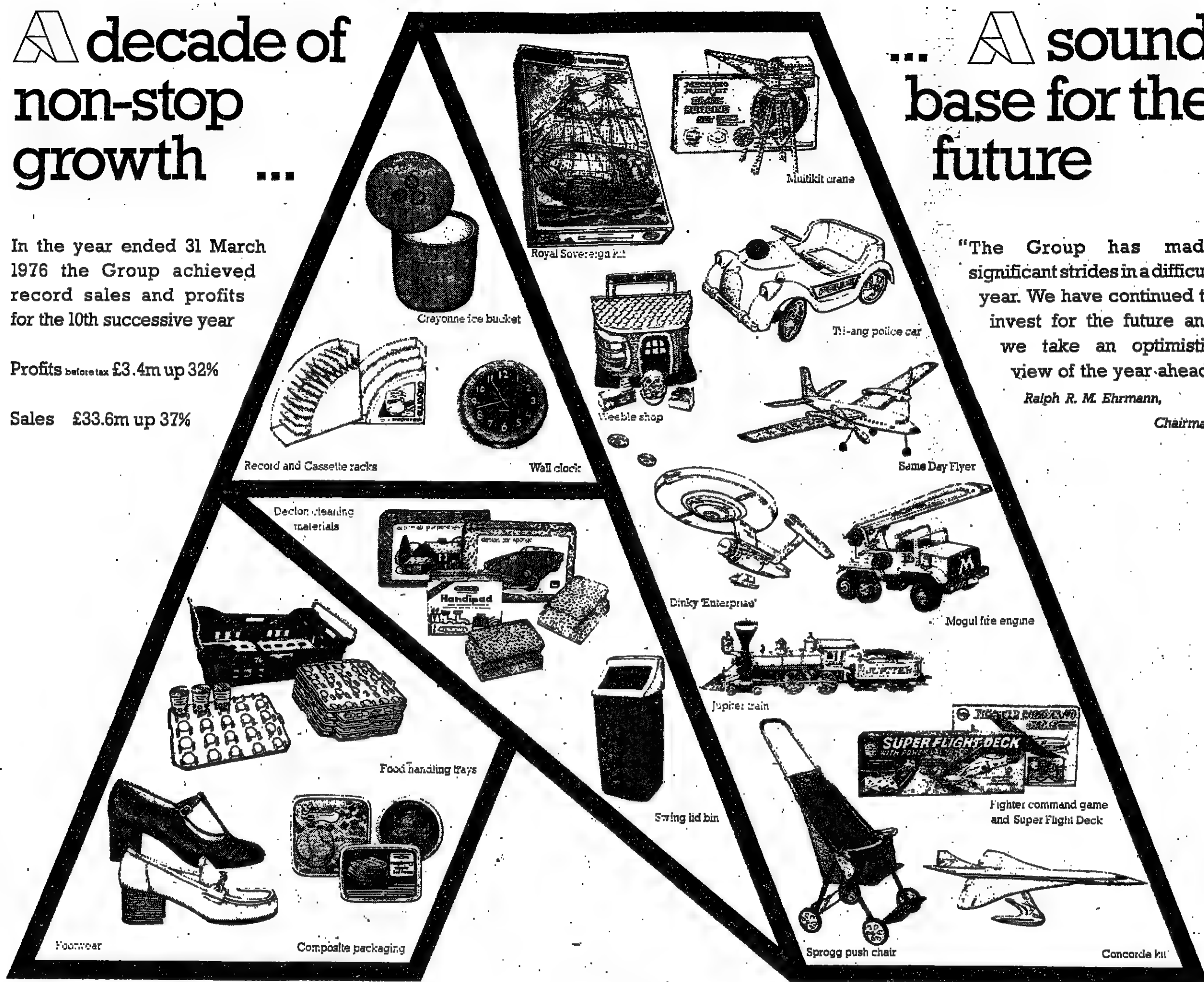
Profits before tax £3.4m up 32%

Sales £33.6m up 37%

## ... A sound base for the future

"The Group has made significant strides in a difficult year. We have continued to invest for the future and we take an optimistic view of the year ahead,"

Ralph R. M. Ehrmann,  
Chairman.



**Plasty**  
WEST GERMANY

Airfix Plastics

**Pedigree** PRAMS

Airfix  
Footwear



**Dinky**  
TOYS

Airfix  
Packaging  
Developments

**DECLON**

**crayonne**

**Triang** TOYS

# Airfix Industries

For copies of the 1975/6 Report and Accounts please write to The Company Secretary, Airfix Industries Limited, 17 Old Court Place, London W8.

هكرامن الاصل











Important particulars given in compliance with the Regulations of the Council of The Stock Exchange for the purpose of giving information to the public with regard to Dentsply Limited ("the Company"). The Directors collectively and individually accept full responsibility for the accuracy of the information given and confirm, having made all reasonable enquiries, that to the best of their knowledge and belief there are no other facts the omission of which would make any statement herein misleading. The Council of The Stock Exchange has estimated the 9 per cent. Sterling/Dollar Convertible Unsecured Loan Stock 1991/96 to the Official List.

# DENTSPLY LIMITED

(Incorporated under the Companies (Consolidation) Act, 1906; Registered in England, No. 110828)

Issue of up to £7,103,951 of 9 per cent. Sterling/Dollar Convertible Unsecured Loan Stock 1991/96

**Issued and fully paid**  
£190,000

Shares of £1 each

**Issued and fully paid**  
£190,000

**Issued and fully paid**  
£190,000

The Company is a wholly owned subsidiary of Dentsply International Inc. ("Dentsply").

As part of the arrangements for implementing the Offer (referred to below) up to 3,400,000 shares will be issued for cash to a wholly owned subsidiary of Dentsply.

## Offer

Up to £7,103,951 of 9 per cent. Sterling/Dollar Convertible Unsecured Loan Stock 1991/96 ("the Stock") is to be issued pursuant to the offer by the Company for the issued share capital of AD International Limited ("the Offer") (see below). The Stock was created by a resolution of

a committee of the Board of Directors of the Company on 7th September, 1976 and is constituted by a Trust Deed dated 7th September, 1976 between the Company, Dentsply as guarantor and Commercial Union Assurance Company Limited as trustee for the holders of the Stock. Full particulars of the Stock are set out below.

## Other Borrowings

At the close of business on 19th August, 1976 the Company had outstanding secured bank and other indebtedness, other than amounts due to Dentsply and its subsidiaries, amounting to £19,392 and contingent liabilities in respect of bills discounted amounting to £140,000; the underlying bills are drawn on ADI for the value of goods supplied. As part of the arrangements for implementing the Offer (referred to below) the Company has arranged to borrow unsecured up to £20 million or the sterling equivalent thereof from a wholly owned subsidiary of Dentsply. Except as otherwise disclosed, the Company has no loan capital (including term loans) outstanding, or created but unused, mortgages, charges, other borrowings or indebtedness in the nature of borrowing, including bank overdrafts and liabilities under acceptances (other than normal trade bills) or acceptance credits, hire purchase commitments, guarantees or other material contingent liabilities.

## Directors

MR. TREVOR CASTLY WARRING (Chairman),  
Wesbury Drive, Worthing, Sussex.

MR. JOHN MAURICE PEIRCE,  
Goldstone Crescent, Hove, Sussex.

MR. JOHN WHITE,  
Edwinton, Cullifall, Lewes, Sussex.

MR. JACQUES DE TREY,  
Box 6146, Hellam, Pennsylvania, 17406, (U.S. Citizen).

## Advisers

HILL SAMUEL & CO. LIMITED,  
100 Wood Street, London EC2P 2AJ.

## Auditors

PRICE WATERHOUSE & CO., Chartered Accountants,  
Southwark Towers, 32 London Bridge Street, London SE1 9SY.

## Solicitors

SLAUGHTER AND MAY,  
35 Basinghall Street, London EC2V 5DB.  
DONNE MILEHAM & HADDOCK,  
58 Ship Street, Brighton, Sussex BN1 1AT.

## Brokers

PANMURE GORDON & CO.,  
9 Moorfields Highwalk, London EC2Y 9DS.

## Bankers

NATIONAL WESTMINSTER BANK LIMITED,  
155 North Street, Brighton, Sussex BN1 1GN.

## Trustees for the Stock

COMMERCIAL UNION ASSURANCE COMPANY LIMITED,  
St. Helen's, 1 Undershaft, London EC3P 3DD.

## Secretary and Registered Office

MICHAEL W. HAMMOND, F.C.A.,  
Diamond Buildings, Coombe Road,  
Brighton, Sussex BN2 4ER.

## Transfer Office

HILL SAMUEL REGISTRARS LIMITED,  
6 Greencoat Place, London SW1P 1PL.

## History and business

Dentsply was incorporated in 1969, under the laws of the State of Delaware, USA, to succeed to a business previously conducted since 1910 by The Dentsply Supply Company of New York. The Dentsply group is engaged primarily in the manufacture and wholesale distribution of dental supplies and equipment and also in the manufacture and wholesale distribution of optical supplies and equipment and the retail dispensing of spectacles and contact lenses.

In the United States the Dentsply group operates seven dental and optical manufacturing divisions with eleven plants and a group of optical laboratories with two optical laboratories and a large chain of retail opticians. Outside the United States it has subsidiaries in nine countries which primarily manufacture and distribute dental supplies and equipment. The Dentsply group has approximately 4,000 employees. Sales are made in four major product categories: dental supplies, dental equipment, optical dispensing, and optical supplies and equipment. Dental products are marketed in 80 countries, while the optical products are marketed principally in the United States.

## Financial Information

### Issued and outstanding

The authorized, issued and outstanding shares of common stock of Dentsply are as follows:—

Authorized	Issued and outstanding
£11,000,000	Shares of common stock of £1 par value 84,484,831

The common stock of Dentsply is fully paid and entitles the holder to one vote per share. From time to time Dentsply purchases its own common stock and such stock is described as "treasury stock". Dentsply holds 31,888 common shares of £1 par value at a cost of \$577,738. These shares are available for resale and are not included in the issued and outstanding share capital shown above. The report dated 18th February, 1976 shows that in 1975, 12,428 treasury shares were sold under Dentsply's Employee Stock Purchase Plan and 7,500 shares were issued in connection with stock options exercised. Exercise of the conversion rights of the Convertible Stock to be issued pursuant to the Offer could give rise to the issue of up to a further 344,542 shares of common stock of £1 par value during the years 1977 to 1988. The common stock of Dentsply is listed on the New York Stock Exchange and The Stock Exchange in London.

The following are the consolidated statements of income and retained earnings of the Dentsply group for the five years ended 31st December, 1975, which have been examined by Price Waterhouse & Co., independent accountants, in their report dated 18th February, 1976 (there appears below, 18th February, 1976 is the date on which Price Waterhouse & Co. issued their report on the audited financial statements shown up to as at 31st December, 1975).

	1971	1972	1973	1974	1975
	£'000	£'000	£'000	£'000	£'000
Revenue (Note 2)	57,088	67,137	81,040	102,263	103,470
Cost of goods sold	596	1,125	1,035	1,118	1,520
Net income	56,492	66,012	79,995	101,145	101,950
Expenses (Notes 1, 2, 3 and 4)	31,335	37,708	44,909	58,788	59,288
Net income before taxes	25,157	28,304	35,086	42,357	42,662
Taxes	1,704	2,040	2,449	2,740	2,884
Net income after taxes	23,453	26,264	32,637	39,617	39,778
Income before taxes	25,157	28,304	35,086	42,357	42,662
Taxes	1,704	2,040	2,449	2,740	2,884
Net income after taxes	23,453	26,264	32,637	39,617	39,778
Income before taxes	25,157	28,304	35,086	42,357	42,662
Taxes	1,704	2,040	2,449	2,740	2,884
Net income after taxes	23,453	26,264	32,637	39,617	39,778
Income before taxes	25,157	28,304	35,086	42,357	42,662
Taxes	1,704	2,040	2,449	2,740	2,884
Net income after taxes	23,453	26,264	32,637	39,617	39,778

The accompanying notes are an integral part of the financial statements.

The following table sets out the unaudited interim profit figures of the Dentsply group for the six months ended 30th June, 1976 (announced on 13th July, 1976) together with the comparative figures for the six months ended 30th June, 1975:—

	1975	1976
	£'000	£'000
Revenue	57,088	67,137
Cost of goods sold	596	1,125
Net income	56,492	66,012
Expenses	31,335	37,708
Net income before taxes	25,157	28,304
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Taxes	1,704	2,040
Net income after taxes	23,453	26,264

The following is the consolidated balance sheet of the Dentsply group as at 31st December, 1975:—

	£'000
<b>ASSETS</b>	
Current Assets	2,457
Cash	2,365
Short-term investments at cost (approximate market)	15,705
Notes and accounts receivable, less discounts and allowances of \$886,000	28,101
Inventories (Note 3)	569
Prepaid expenses and other current assets	49,197
Total current assets	21,438
Property, plant and equipment, net (Note 4)	2,654
Goodwill	834
Other assets	74,223
<b>LIABILITIES AND STOCKHOLDERS' EQUITY</b>	
Current liabilities	5,634
Notes payable (Note 5)	3,421
Accounts payable	5,611
Accrued liabilities	1,602
Estimated income taxes (Note 7)	1,602
Total current liabilities	16,471
Long-term liabilities (Note 6)	1,793
Deferred income taxes	1,284
Minority stockholders' equity in subsidiary companies	560
Total long-term liabilities	20,088
<b>Stockholders' equity (Note 8)</b>	
Common stock of \$1.00 par value	4,519
Authorized—11,000,000 shares	3,880
Issued—4,519,318 shares	4,519
Capital in excess of par value	54,975
Retained earnings	840
Total stockholders' equity	54,136
Less: Treasury stock at cost—44,316 shares	74,223

The accompanying notes are an integral part of the financial statements.

## Consolidated Statements of Changes in Financial Position

The following are the consolidated statements of changes in financial position of the Dentsply group for the five years ended 31st December, 1975:—

	1971	1972	1973	1974	1975
	£'000	£'000	£'000	£'000	£'000
Working capital was provided by:					
Operations	4,558	5,336	8,858	8,733	8,389
Net income	1,426	1,415	1,787	1,945	1,945
Depreciation and amortisation	146	161	(14)	78	383
Deferred income taxes	6,158	7,082	8,841	10,756	10,743
Proceeds from exercise of stock options	—	714	212	206	57
Stock used for business purchases	—	612	—	—	—
Proceeds from stock used for Employee Stock Purchase Plan	—	—	—	281	350
Long-term debt issued for business purchases	—	1,087	—	—	—
Other sources (uses), net	(172)	(53)	(106)	183	279
	5,866	8,455	8,747	11,426	11,459
Working capital was used for:					
Cash dividends	2,916	2,925	3,099	3,372	3,577
Capital expenditure for property, plant and equipment, net	3,608	1,945	2,123	2,185	3,864
Net assets of business purchased, less net current assets	262	1,554	—	—	—
Long-term liabilities	167	1,793	1,330	1,540	2,045
Purchase of treasury stock	6,953	8,217	7,574	7,077	9,586
Net increase (decrease) in working capital	(967)	1,238	1,173	4,249	1,873
Working capital at beginning of period	25,080	24,093	25,331	26,504	30,883
Working capital at end of period	24,093	25,331	26,504	30,883	32,726
Net increase (decrease) in working capital was represented by:					
Cash	(482)	1,017	(441)	805	(1,245)
Short-term investments	(471)	1,446	38	358	742
Notes and accounts receivable	(183)	1,146	1,094	4,089	(1,996)
Inventories	1,083	834	5,664	4,785	(1,261)
Prepaid expenses and other current assets	154	28	(12)	41	40
Notes payable	(1,608)	(1,316)	(1,611)	(2,597)	2,878
Accounts payable	(264)	298	(997)	(1,273)	1,205
Accrued liabilities	(52)	(1,102)	(1,547)	(1,239)	278
Estimated income taxes	630	(973)	(1,018)	(421)	1,194
Net increase (decrease) in working capital	(967)	1,238	1,173	4,249	1,873

The accompanying notes are an integral part of the financial statements.

## Notes to Consolidated Financial Statements

(1) ACCOUNTING POLICIES  
All subsidiaries have been consolidated in the financial statements. The cost of \$11,247,000 of inventories at 31st December, 1975 was determined by the last-in, first-out method. Other inventories were determined substantially by the first-in, first-out or the average cost methods, but not in excess of net realisable value. Depreciation is generally computed by the straight-line method. Goodwill is at cost, except for the compulsory amortisation of goodwill arising from businesses purchased subsequent to 31st October, 1970 which is being charged to income over forty years. Pension costs accrued are funded wherever formal plans exist and the reserves for informal plans are based on substantially the same actuarial assumptions used for formal plans. During the years 1973, 1974 and 1975 approximately \$1,786,000, \$1,933,000 and \$2,082,000 were expended in connection with research and development activities. In 1973 Dentsply adopted a vacation pay policy for many of its U.S. employees, whereby they have vested rights as of 31st December of each year to the subsequent year's vacation benefits. The adoption of this policy resulted in a charge to income of \$310,000, net of taxes, of \$0.07 per share. Investment tax credits are treated as a current reduction of income taxes. Non U.S. withholding and U.S. income taxes are not provided on the undistributed earnings of subsidiaries which have been or are to be reinvested in their operations. In 1975 Dentsply adopted the provisions of Statements No. 8, "Accounting for the Translation of Foreign Currency Transactions and Foreign Currency Financial Statements", and No. 5, "Accounting for Contingencies", issued by the Financial Accounting Standards Board. The effects of adopting these statements are not material in 1975 or in prior years.

## (2) INTERNATIONAL OPERATIONS

Information with respect to non U.S. subsidiaries is as follows:—  
Non U.S. subsidiaries contributed to:  
Year ended 31st December Consolidated revenues \$'000 Net current assets of non U.S. subsidiaries \$'000 Total net assets of non U.S. subsidiaries \$'000

	1971	1972	1973	1974	1975
	17,070	17,070	17,070	17,070	17,070
	2,559	2,559	2,559	2,559	2,559
	24,367	24,367	24,367	24,367	24,367

Net exchange losses of \$45,000, \$225,000 and \$625,000 for the years 1973, 1974 and 1975 were included in income.

## (3) INVENTORIES

Finished goods  
Work in process  
Raw materials and supplies

	31st December, 1975
	\$'000
	13,307
	6,493
	8,301
	28,101

## (4) PROPERTY, PLANT AND EQUIPMENT

Assets at cost  
Land  
Buildings and improvements  
Machinery and equipment  
Construction in progress

	31st December, 1975
	\$'000
	38,515
	17,077
	21,438

## (5) LONG-TERM LIABILITIES

Bank loan, 1% above prime rate, principal payable in equal quarterly instalments to 1st September, 1978  
Unsecured note, 5% rate, principal payable in equal annual instalments to 2nd January, 1979  
Unsecured note, 1% below prime rate, principal payable in semi-annual instalments to 1st July, 1980  
Other, varying rates

	31st December, 1975
	\$'000
	4,126
	2,333
	1,793
	8,252

Less: Current portion (included in notes payable)

	31st December, 1975
	\$'000
	1,793
	6,459

Under short and long-term borrowing arrangements with U.S. banks, average bank balances must be maintained based upon the amount of loans outstanding. The average balances maintained during 1975 were \$1,500,000. The average annual balances maintained for the amount of such loans, outstanding at 31st December, 1975, would be \$745,000.

Maturities of long-term liabilities at 31st December, 1975 for the succeeding five years are as follows:

1976—\$2,333,000; 1977—\$468,000; 1978—\$418,000; 1979—\$350,000; and 1980—\$155,000.

## (6) STOCKHOLDERS' EQUITY

In 1972 Dentsply purchased Monthly Optical and its affiliates for cash, instalment obligations, and 31,800 treasury shares, which operations are included in the financial statements from 1st November, 1972. The excess of the purchase price over the underlying value of the net assets acquired, \$1,143,000, is included in goodwill. These operations were not significant when compared with the consolidated results of operations.

On 10th January, 1973, the Board of Directors authorized a first-in, first-out stock split. Accordingly, the related dollar amounts and references to the number of shares in the financial statements and notes have been adjusted to give retroactive effect to this stock split.

During 1973, 23,903 treasury shares were issued as final consideration for the 1969 pooling of interest with Imperial Optical Manufacturing Co., Inc. Earnings per share were computed on a weighted average of the shares outstanding during each year, including the 23,903 shares in 1975.

On 23rd April, 1975, the stockholders approved an increase in authorised shares from 6,000,000 to 11,000,000. Changes in common stock, capital in excess of par value and treasury stock, for the three years ended 31st December, 1975 are as follows:—

	Common stock issued at \$1.00 par value \$'000	Capital in excess of par value \$'000	Treasury stock at cost \$'000
Balance at 31st December, 1972	4,485	3,865	42,895
Treasury stock purchased	—	—	1,450
Stock options exercised	11	201	—
Stock used for pooling of interest with Imperial Optical	—	(490)	(23,903)
Other	—	(120)	—
Balance at 31st December, 1973	4,496	3,556	70,452
Stock options exercised	16	190	—
Stock used for Employee Stock Purchase Plan	—	8	(13,147)
Balance at 31st December, 1974	4,512	3,754	57,305
Stock options exercised	6	81	—
Stock used for Employee Stock Purchase Plan	—	55	(12,849)
Balance at 31st December, 1975	4,519	3,860	44,316

Dentsply's qualified Stock Option Plan provides that options may be granted to all rank and other key employees of the Company to purchase up to 337,500 shares of common stock at 100 per cent. of market value on the date of grant. Options are exercisable in cumulative annual instalments of 25 per cent. starting one year after the date of grant. Proceeds from exercise of options are credited to par value of the capital stock, and any excess of option price over par value is credited to capital in excess of par value. There is no charge against net income. The status of options under the Plan is as follows:—

	Number of shares	Option price Average per share \$	Total \$'000
Options Granted:			
1973	36,000	15.00	540
Options Lapsed:			
1973	45,168	18.79	851
1974	55,700	21.39	1,204
Options Exercised:			
1973	11,350 *	18.89	213
1974	15,800 *	13.00	205
1975	6,700 *	13.00	87
Options outstanding:			
31st December, 1973	156,450	21.81	3,395
31st December 1974	83,950	23.23	1,913
31st December 1975	77,250	23.83	1,820



## Current Financial Position

The cash portion of the consideration and the expenses incurred in connection with the Offer have been funded with the proceeds of a U.S. dollar bank loan of up to £25,000,000 to be repaid to ADI at £10,000,000 on or before 30th June 1977 with four further payments at intervals over the following four and a half years. Subsequent to completion of the merger with ADI, it is the intention of Dentsply to complete arrangements to refinance a portion of this bank loan. Dentsply has received a commitment from an institutional investor for the subscription during 1977 of Loan Notes in an amount, at the discretion of Dentsply, between £10,000,000 and £15,000,000. The Notes will bear interest at 10 1/2 per cent per annum and will be repayable in ten annual instalments commencing in 1981. The commitment is conditional upon there being no material adverse change of business or financial condition of Dentsply from that in existence on 31st December, 1975 and the execution of legal documentation in a form satisfactory to the investor and Dentsply. Under the terms of the commitment, the amount borrowed would be used to refinance part of the bank loan referred to previously.

Save as disclosed and apart from the increase in net assets arising from retained earnings and other changes in the ordinary course of business, the present financial position of the Dentsply group excluding ADI and its subsidiaries is not materially different from that shown at 31st December, 1975. Save as disclosed the Directors of the Company are not aware of any material change in the financial position of ADI and its subsidiaries since publication of its last balance sheet.

## THE COMPANY

## Report of Independent Accountants

The following is a copy of a letter from Price Waterhouse & Co., auditors of the Company:—

Southwark Towers,  
22 London Bridge Street,  
London, SE1 9BY.  
7th September, 1976.

The Directors,  
Dentsply Limited,  
Diamond Buildings,  
Combe Road,  
Brighton, Sussex BN2 4ER

Dear Sirs,

We have examined the books and accounts of Dentsply Limited ("the Company") for the periods relevant to this report. In our opinion the information set out below gives a true and fair view of the results of the Company for the five years ended 30th November, 1975 and of the state of affairs of the Company as at 30th November in the six years 1970 to 1975.

## Trading Results

The following statement of the results of the Company for the five years ended 30th November, 1975 is based on the audited accounts.

	1971	1972	1973	1974	1975
Turnover (Note 2)	£200	£200	£200	£200	£200
Less: Cost of sales (including expenses of finance, management and administration) (Note 3)	256	489	544	739	863
Profit (loss) before taxation and extraordinary item	(56)	45	50	55	74
Less: Taxation (Note 4)	—	—	—	—	38
Profit (loss) after taxation but before extraordinary item	(56)	45	50	55	36
Extraordinary item—profit on sale of property after taxation	(31)	—	29	29	38
Opening revenue reserves	58	25	70	88	127
Closing revenue reserves	25	70	98	127	191

## Balance Sheets

Set out below are the balance sheets of the Company for the five years ended 30th November, 1975, based upon the audited accounts.

	1970	1971	1972	1973	1974	1975
Goodwill (Note 5)	—	86	86	86	86	86
Fixed assets (Note 5)	84	110	118	143	180	301
Loose tools at valuation	3	3	4	5	8	7
Quoted investment (Note 6)	97	199	208	234	252	394
Current assets:						
Stocks	48	63	70	118	158	183
Doubtful	85	119	139	187	230	215
Tax reserve certificates	5	—	—	—	—	—
Bank and cash (Note 7)	27	145	30	4	28	(10)
Current liabilities:	165	327	339	308	401	388
Owing to holding company	8	11	27	35	56	83
Creditors	28	169	49	25	82	73
Taxation	22	—	—	—	24	—
Net current assets	86	200	78	82	143	128
Less:						
Long-term loan	—	151	181	—	191	191
Loans from holding company (Note 8)	—	—	—	151	191	191
Deferred taxation (Note 9)	—	—	—	22	34	104
Provision for supplementary pension benefits	—	—	—	—	9	20
Net assets	206	175	220	288	317	381
Represented by:						
Share capital (Note 10)	150	180	180	180	190	190
Revenue reserves	56	25	70	98	127	191
	206	175	220	288	317	381

## Accounting Policies and Notes

(1) The accounting policies adopted by the Company are as follows:—

- Stocks**  
Stocks are stated at the lower of cost and net realisable value. The first-in, first-out method is used to determine the cost of the material content and the average cost method is used to determine the cost of labour and overhead content.
- Fixed assets**  
Fixed assets are stated at cost less investment grants; an appropriate amount of labour and overhead is capitalised for fixed assets assembled or constructed internally. Depreciation is computed on the straight-line method based on the assets' estimated useful lives: buildings 50 years, machinery and equipment 5-20 years.
- Deferred taxation**  
Deferred taxation is provided for in respect of timing differences resulting from the allocation of certain items of income and expenditure to different periods for tax purposes from those to which they are allocated for accounting purposes. The provision is based on rates of taxation in the accounting periods in which the timing differences arise.
- Currency translations**  
Liabilities in U.S. dollars are expressed in sterling at the rate ruling at the year end. Liabilities in foreign currencies are not covered by forward contracts of exchange.
- Pensions**  
The Company has undertaken to provide certain supplementary pension benefits for its employees in addition to those already provided under the Superannuation Fund and Life Assurance Scheme. At 30th November, 1975 the unprovided past service cost of these supplementary benefits amounted to approximately £30,700, assuming interest at 10 per cent per annum. This amount is being provided for over a period of 20 years from 1st December, 1975. Neither the current nor the past service liabilities for these benefits are being funded, but they are guaranteed by the holding company.

- Goodwill**  
No amortisation of goodwill is provided.
- Turnover**  
Turnover comprises sales of teeth and, where applicable, remedial work done on behalf of a wholesaler distributor net of rebates and discounts.
- Cost of sales**  
Cost of sales includes the following:—

	1971	1972	1973	1974	1975
Depreciation—Plant and equipment written off	18	13	14	18	23
Interest payable	14	16	18	18	22
Interest received	(4)	(2)	(1)	—	—
Provision for supplementary pension benefit	—	—	—	9	11
Directors' emoluments	17	17	17	21	22

- The charge for taxation based on the profit for the year comprises:—**

	1971	1972	1973	1974	1975
Corporation Tax	—	—	—	24	—
Deferred taxation	—	—	—	12	38
	—	—	—	36	38

after taking into account the benefit of unused tax losses available from previous years as follows:—

	1970	1971	At 30th November 1975	1974	1975
Freehold land and buildings	28	27	28	25	24
Long leasehold land and buildings	38	37	38	38	35
Plant and equipment	23	46	98	62	101
	94	110	118	125	160

- The quoted investment represents 62,500 ADI Ordinary 25p shares which are stated at cost. The approximate market value of this holding was £65,600 at 30th November, 1975. During the year ended 30th November, 1975 the Company's sales to ADI amounted to £761,000.
- The Company's overdraft and discounting facilities are secured by a legal mortgage over part of the freehold premises. At 30th November, 1975 contingent liabilities in respect of bills discounted amounted to £70,000.
- The loans from the holding company are in sterling and are eligible, under the exchange control provisions, for repayment from mid-1976. The holding company has indicated that it is not its intention to request repayment until such time as adequate cash resources are available.
- During the year ended 30th November, 1975 an amount of £24,000 was transferred from Corporation Tax payable to deferred taxation following relief credited in respect of increases in stocks during the two years ended 30th November, 1974. The effect of this relief has been to defer payment of Corporation Tax for that year and accordingly the liability will be carried forward in deferred taxation until a date for payment has been established. The deferred tax on charge of £38,000 for the year ended 30th November, 1975 includes £10,000 in respect of stock relief.

- The authorised and issued share capital of the Company at 30th November, 1975 was as follows:—  
Authorised—250,000 Shares of £1 each  
Issued and fully paid—180,000 Shares of £1 each  
On 29th April, 1976 the authorised share capital was increased to 525,000 Shares of £1 each.
- At 30th November, 1975 there were commitments in respect of capital expenditure as follows:—  
Contracted for—£24,000  
Authorised but not contracted for—£75,000

## Assets

No audited accounts have been prepared for submission to members since those for the year ended 30th November, 1975.

Yours faithfully,  
PRICE WATERHOUSE & CO.,  
Chartered Accountants

## Current Financial Position

Save as disclosed and apart from changes in the ordinary course of business, the present financial position of the Company is not materially different from that shown at 30th November, 1975.

## AD INTERNATIONAL LIMITED

## Share Capital

The authorised and issued share capital of ADI, after giving effect to the capital reorganisation referred to below, will be as follows:—

	Issued and Fully Paid
3,876,465 5 per cent Non-Cumulative Preference shares of 25p each	3,876,465
4,123,532 Ordinary shares of 25p each	3,876,465
	7,752,930

By a Special Resolution passed by the requisite majority at an Extraordinary General Meeting of ADI held on Monday, 28th September, 1976 a capitalisation issue of 15,500,000 new Ordinary shares of 25p each and a conversion of the previously existing Ordinary shares into 5 per cent Non-Cumulative Preference Shares of 25p each were authorised. In addition the authorised share capital was increased from £5,000,000 to £25,000,000. The Directors of Dentsply Limited are not aware of any other changes in the share capital of ADI within the last two years nor are they aware of any arrangements whereby any capital of ADI or any of its subsidiaries is under option or is agreed conditionally or unconditionally to be put under option.

## Profits and Dividends

The following table contains figures based on the audited consolidated accounts of ADI and its subsidiaries for the five years ended 31st December, 1975.

	1971	1972	1973	1974	1975
Turnover	£200	£200	£200	£200	£200
Less: Cost of sales	17,682	21,142	26,806	33,387	41,410
Group profit before taxation	1,258	1,772	2,513	2,956	2,989
Taxation	535	824	1,342	1,568	1,683
Minority shareholders' interest	18	19	46	(14)	(21)
Extraordinary items (Note 1)	703	828	1,125	1,402	1,327
Profit attributable to the group	1,176	892	1,402	1,308	1,344
Dividends	387	553	331	352	383
Profit for the year retained	779	339	1,071	956	961
Earnings per share (Note 2):—					
Before extraordinary items	8.0p	6.3p	7.2p	9.0p	8.5p
Based on profit attributable to the group	8.5p	6.7p	9.0p	8.4p	8.7p
Dividends per share (pence) (Note 2)	2.5p	3.0p	3.1p	3.5p	3.8p
Ordinary shares issued (Note 2)	13,914	14,785	15,506	15,506	15,506

## Notes:

- Extraordinary items comprise:—  
Profits on sales and revaluations of fixed assets and investments  
Overprovision for taxation  
Expenses of capital issues  
Interest on headquarters building  
Other

- The share capital and earnings and dividends per share have been adjusted to take into account the 2 for 3 capitalisation issue in 1973. The 1973, 1974 and 1975 dividends per share of 3.1p, 3.5p and 3.8p is the unadjusted gross equivalent of the net dividend declared of 2.1p, 2.5p and 2.5p respectively.

## Interim Profits

The following table sets out the unaudited interim profit figures of ADI and its subsidiaries for the six months ended 30th June, 1976 (as announced on 4th August, 1976), together with the comparative figures for the six months ended 30th June, 1975.

	1975 (Unaudited)	1976 (Unaudited)
Turnover	£200	£200
Less: Cost of sales	15,453	25,450
Profit before taxation	1,765	2,364
Taxation	944	1,389
Profit after taxation	822	975
Minority interest	(1)	(12)
Profit (before extraordinary items) for ordinary shareholders	821	963
Deduct: Extraordinary interest (less tax relief) (Note 2)	70	55
Profit after extraordinary interest	751	908

## Notes:

- Overseas profits have been included at exchange rates ruling at accounting dates. The variation in the overall exchange rates since 30th June, 1975 has been approximately 16 per cent.
- The balance of the extraordinary interest charge for financing the purchase for resale of the headquarters building has been shown (net of tax relief) after charging against revenue the appropriate occupation costs. Credit has not been taken for other extraordinary items which, for the year ended 31st December, 1975, totalled £144,000 net of taxation and minority interests.

## Consolidated Balance Sheets

The consolidated balance sheets of ADI and its subsidiaries for the five years ended 31st December, 1975 based on the audited consolidated accounts were:—

	1971	1972	1973	1974	1975
Fixed assets at cost or valuation less depreciation	£200	£200	£200	£200	£200
Freehold properties (Note 5)	2,578	2,855	3,422	6,489	6,821
Long leaseholds	206	81	390	18	17
Short leaseholds	14	16	15	35	114
Machinery, fixtures and fittings	1,084	1,193	1,333	1,506	1,578
Trade and other investments	57	53	289	83	72
	3,898	4,207	5,279	8,121	8,402
Current assets:					
Stocks	5,883	7,070	8,250	12,145	13,772
Debtors	5,084	6,123	7,754	10,085	11,356
Cash	818	467	38	380	329
Deduct: Current liabilities	11,886	12,650	16,389	22,890	26,437
Creditors	3,161	3,689	4,014	6,738	7,425
Bank overdrafts	709	847	2,067	2,360	2,614
Taxation	933	1,144	1,339	1,172	1,491
Dividends	261	363	331	352	363
Net current assets	8,964	6,004	8,541	11,662	11,813
	6,782	7,638	7,848	11,028	13,824
Deduct: Loan capital	10,731	11,843	13,127	19,149	22,026
Bank loans	2,248	1,690	1,218	1,218	1,218
Other loans	690	862	883	5,498	6,979
Other loans	25	44	82	275	803
Deferred taxation	144	230	175	709	732
Minority interest	287	309	363	107	88
	3,274	3,166	2,701	7,807	8,831
Net assets	7,357	8,878	10,429	11,342	12,465
Represented by:—					
Share capital	2,087	2,220	3,676	3,676	3,676
Reserves	5,270	6,658	6,853	7,666	8,811
	7,357	8,878	10,429	11,342	12,465

## Note:

In the Directors' Report dated 7th July, 1976 included in the Accounts for the year ended 31st December, 1975 it was stated that "Dentabank Taiwan and China" are continuing to advise the company on market conditions relating to properties particularly in the United Kingdom. Based on current information the directors believe that the market value of the main properties exceeds their book value by approximately £3,000,000 (before allowing for any taxation). The directors do not propose at present to take credit in the Accounts for any part of this excess. The intended disposal of the freehold interest in the Group's headquarters building is taking longer than originally expected but is being actively pursued. The additional cost of financing this purchase is considered to be an extraordinary expense.

## Accounting Policies

- Consolidation of Subsidiaries**  
(a) Basis of consolidation  
The consolidated profit and loss account and balance sheet include the accounts of the company and its subsidiaries made up to 31st December.

- Acquisitions**  
The sales and profits of subsidiaries acquired are included in the profit and loss account only for the period since acquisition. Any difference between the cost of investments and the net book values of the tangible assets at the date of acquisition is taken to reserves.

- Turnover and profits**  
Turnover represents the total invoice value (excluding value added tax) of sales to customers outside the group. The value of inter-company sales and any unearned inter-company profits thereon have been eliminated.

- Trade investments**  
The trade investments, none of which is an associated company as defined in Statement of Standard Accounting Practice No. 1 issued by the Institute of Chartered Accountants, are not consolidated and the attributable profits are brought in only to the extent of dividends received. Any goodwill arising on acquisition is taken to reserves.

- Foreign currencies**  
The sterling equivalent of fixed assets and reserves of overseas subsidiaries brought forward from the previous year is maintained. Untranslated profits or losses arising thereon are taken to capital reserves.

- Fixed assets**  
All other items have been converted at rates ruling at 31st December.

- The main freehold properties in the United Kingdom are stated at professional valuation as at 31st December, 1984, plus additions since that date at cost. Comments on current values appear in the Directors' Report (see Note above). No further depreciation has been provided on other United Kingdom freehold and long leasehold properties except in respect of certain installations.**

- Other fixed assets are normally depreciated by annual instalments on various bases designed to amortise them over their useful lives. In some cases, where permitted by overseas local fiscal regulations, fixed assets are written off in the year of purchase.**

- Stock**  
Stock includes work in progress. It is valued at the lower of cost (including an addition for overhead expenses where appropriate) and net realisable value or at such lower value as is permitted by overseas local fiscal regulations.

- Deferred taxation**  
The Deferred Taxation Account represents Corporation Tax at 52 per cent, deferred in the United Kingdom by reason of (a) the excess of tax allowances over depreciation charged; (b) relief arising from the increase in stock values less (c) sundry timing differences; and Advance Corporation Tax in respect of dividends payable or proposed.

- No provision is made for any tax liabilities which might arise in the event of the distribution of profits retained by overseas subsidiaries.**

- Research and development**  
Expenditure on research and development is charged against profits in the year in which it is incurred.

## PRO FORMA COMBINED FINANCIAL STATEMENTS OF THE ENLARGED GROUP

## Pro Forma Combined Statements

The unaudited pro forma income statement set out below has been prepared on the basis of the figures for the year ended 31st December, 1975 in order to indicate what the results of the combined group might have been if the acquisition had been effective prior to the period presented assuming full acceptance of the Offer. The unaudited pro forma balance sheet set out below has been prepared on the basis of the balance sheet as at 31st December, 1975 to indicate what the financial position of the combined group might have been if the acquisition had taken place on that date. Certain of these adjustments have been estimated by Dentsply based on information presently available.

## Pro Forma Combined Income Statement

The following is a pro forma unaudited combined statement of the income of the enlarged group based on Dentsply's and ADI's income statements for the year ended 31st December, 1975:—

	£'000
Revenue	2,000
Net sales of goods	161,282
Other income	2,177
	163,459
Costs and expenses	
Cost of goods sold, selling, administrative and research expenses	137,002
Depreciation and amortisation	7,104
Interest expense	147,120
Income before taxes	18,319
Income taxes	7,422
Net income	10,897
Net income per share of common stock	0.59



## MINING NEWS

## Poseidon restored but faces investigation

PAUL CHEESERIGHT

THE ADELAIDE stock exchange restored the quotation of the Poseidon mining company, which had been suspended for trading yesterday following lengthy discussions with the exchange chairman, Professor Eric A. But the South Australian government is to stage an investigation into the heavy losses of the Poseidon shares which preceded suspension last Tuesday.

The exchange committee criticises the company for its lack of liquidity and its financial problems. The Sydney correspondent of the company added that Poseidon results for 1975-76 are expected to show a deficit for 1975-76 of \$2.5m.

At an official level, the South Australian companies investigation office is to examine the possibility of insider trading in the Poseidon shares. The Attorney General, Mr. Peter Duncan, said to sales of between 50,000 and 100,000 shares in London. It is usual, he said, "to offload large parcels of shares."

At Monday, Poseidon shares rose to 15p, in the last day trading before suspension. London, who are pessimistic about Poseidon's future, expected trading this morning would be at a discount of a third to half of its closing price.

He himself stated in public that it was not in the public interest to allow the company to continue its operations. The Australian Industrial Development Corporation, which had made payments to creditors and to the company's shareholders, nevertheless, Poseidon reiterated that it would entertain offers for 50 per cent of the company's shares in Western Australia, adding that it had considered suspending the operation one time. A review of operations was continuing with its partner in the Western Australia Mining. At the same time the company was seeking a re-evaluation of all its financial

and contractual ties with a view to putting the obligations on more favourable terms.

Poseidon revealed that it was owed money for nickel concentrate deliveries from the beginning of June. Its share of the Western Australian Western Mining and then bought by the Canadian producer, Sherritt Gordon. But Poseidon is not paid until a price has been fixed for the purchased nickel. Its sales contracts are for five years. First production started in 1974, some 3½ years after its shares touched a record high of \$124.

## SELCAST FINDS MINERALISATION

Percussion drilling about 50 miles to the south-east of Agnew in the Teutonic bore area of Western Australia by the joint partnership of Western Selcast and MIM Holdings has intersected "some copper mineralisation," Selcast says. The Selcast, owned by London's Selection Trust and 20 per cent held by Selcast Exploration which is itself 84 per cent owned by Selection Trust.

In a statement which was prompted by a recent upward movement in Selcast shares, the joint venture says that it is not their policy to comment on inconclusive early explorations.

It is in view of the speculation they consider it necessary to say that while the percussion drilling has yielded interesting results "it is in no way possible to assess the significance of the results until a programme of diamond drilling, which is now being planned, has been completed. Selcast, which rose 5p on Tuesday, was 2p off at 60p yesterday while Selection Trust were 10p lower at \$135.

Both Crown Mines and City Deep gold mines are to reduce their scale of operations from October 1 by about half as an initial step towards the suspension of mining operations. Loss of state aid from that date and the current low level of the gold price make the continuation of profitable operations impossible for more than a few months.

The Anglo American group's diamond share holding company Anglo American Investment Trust has declared an interim dividend of 150 cents (97.3p) in respect of the half-year to September 30 following the recent increase in the interim distribution by De Beers. For the 15 months to March, 1976, Anglo Trust paid a total of 305 cents. Net profits in the latest period came out at \$15.94m. (\$10.34m) compared with \$49.9m. for the previous 15 months.

Sungei Besi, which is noted for its erratic outputs, reports a fall in production to 124 tonnes in August compared with 177 tonnes in July and makes a five-month total of 607 tonnes as against 842 tonnes for the same period. The company's annual production is being held in London to-day. Tronoh's eight-month total of 1,420 tonnes compares with 1,694 tonnes for the same period of 1975. The outputs are compared in the following table.

Company	Aug. '76	July '76	1-8 months '76	1-8 months '75
Anglo American	61	62	397	397
Sungei Besi	124	177	607	842
Tronoh	184	189	1,420	1,694

At the same time, the company was seeking a re-evaluation of all its financial and contractual ties with a view to putting the obligations on more favourable terms.

Poseidon revealed that it was owed money for nickel concentrate deliveries from the beginning of June. Its share of the Western Australian Western Mining and then bought by the Canadian producer, Sherritt Gordon. But Poseidon is not paid until a price has been fixed for the purchased nickel. Its sales contracts are for five years. First production started in 1974, some 3½ years after its shares touched a record high of \$124.

In a statement which was prompted by a recent upward movement in Selcast shares, the joint venture says that it is not their policy to comment on inconclusive early explorations. It is in view of the speculation they consider it necessary to say that while the percussion drilling has yielded interesting results "it is in no way possible to assess the significance of the results until a programme of diamond drilling, which is now being planned, has been completed. Selcast, which rose 5p on Tuesday, was 2p off at 60p yesterday while Selection Trust were 10p lower at \$135.

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## BIDS AND DEALS

## Assam Trading sells interest

Assam Trading (Holdings) has sold for a nominal consideration 50 per cent of its holding in Assam Railways and Trading Company to certain Indian interests. AR and T's colliery interests were nationalised in 1973 and the value of the investment in AR and T's books had been written down to £37,820 as at March 31, 1975. However, creditors' claims, principally those of the State of Assam for unpaid royalties, have ruled out any possibility of a compensation surplus for AR and T.

At present it is impossible to quantify the value of AR and T's 50 per cent holding. The adjusted net worth of AR and T, representing timber interests, but there will be no effect on the profit and loss account of the group as AR and T has not been consolidated for three years and has not paid a dividend since 1965.

The writing off of the investment in AR and T more than offsets the apparent improvement in AR and T's net worth which resulted from the revision of its shareholding in McLeod Russell (now 45.1 per cent) and on this basis the adjusted net worth of AR and T stands at \$3,461,000 as against \$3,477,490 in the last balance sheet on March 31, 1975.

ATR has also sold its interest in Rothley Temple Estates, an unquoted property company, to McLeod Russell at net asset value in part consideration for a loan repayment.

**STRONG & FISHER**  
Strong and Fisher (Holdings) has reached agreement with the receiver and joint-liquidators of the British Chrome Tanning to acquire BCT's subsidiary De Clermont and Donner for £1.

**SOBRANIE**  
Sobranie (Holdings) exchanged shares on September 6 for the purchase from Great Portland Industrial and General Investments of the freehold interest in premises at Ravenscourt Park, Hammersmith, occupied by the Brookgreen Laundry subsidiary.

The price, as stated in the annual report, was £250,000 and rental had been £27,750.

**WESTFORTH**  
The offer by Donald Macpherson Group for Westforth Holdings has become unconditional. Acceptance of the offer has been received in respect of 2,668,187 Ordinary shares (94.33 per cent). The offer and the share option will remain open.

**WESTFORTH**  
Westforth Trust announces that acceptance of its offer has been received in respect of 2,668,187 Ordinary shares of Westforth Electrical and Automation. The offer now owns 4,772,931 shares (94.33 per cent). The offer remains open.

**MINING BRIEFS**  
ST. PIRAN—August production of copper concentrate, 12,127 tonnes, 22 tonnes. South Croft was closed for one week of the annual holiday in August. SASEL—WIM—August output, 61 tonnes (July 61 tonnes). GEEVON—TIN—August 5,835 tonnes produced (44 tonnes Black Tin, 16 per cent Selcast 7 times less grade concentrate). The mine was closed for one week annual holiday during the month.

**UNITED KINGDOM EXCHANGE CONTROL**  
The Scheduled Territories present comprise the United Kingdom, the Channel Islands, the Isle of Man, the Republic of Ireland and Gibraltar. Authorized Depositories are listed in the current issue of the Bank of England's Notice EC 1 (as amended) and include banks and stockbrokers in, and solicitors practicing in, the United Kingdom and the Channel Islands.

**Undercurrent United Kingdom Exchange Control regulations:**  
(i) Conversion Notices must be lodged through an Authorized Depository. Delivery of (a) certificate(s) for Common Stock following a conversion of Stock, and any payment due to the Stockholder on such conversion, will be made to the Authorized Depository effecting lodgement.  
(ii) A purchase of dollars for investment purposes on behalf of a resident of the United Kingdom, or within the United Kingdom on behalf of a resident of the Scheduled Territories other than the United Kingdom has to be made through the investment currency market.

At present such dollars cost more than those purchased at the rate of exchange ruling in the official market. It is necessary for the excess cost to be borne by a converting Stockholder in respect of the Common Stock to be acquired by him through the exercise of his conversion rights. As an alternative to the above, a Stockholder who holds dollars eligible for the purchase of foreign currency securities may arrange for such dollars to be made available to the Conversion Agent together with a certificate from an Authorized Depository that the dollars are so eligible.

(iii) As regards Stockholders not resident in the Scheduled Territories, the requisite dollars can be purchased in the "official market" with sterling from an External Account or by sale of foreign currency. Dollars provided by a non-resident Stockholder must not be designated as eligible for investment in foreign currency securities.  
(iv) The Stock may be acquired and disposed of by persons, whether or not resident in the Scheduled Territories, on the basis that it is a starting currency. The current regulations applicable are contained in the current issue of the Bank of England's Notice EC 8 (as amended).  
(v) The Common Stock is a foreign currency security. The current regulations governing such securities are contained in the current issue of the Bank of England's Notice EC 7 (as amended). As regards residents of the Scheduled Territories, the certificate(s) issued on conversion of Stock must be delivered to and held by an Authorized Depository or to his order. In the case of persons not resident in the Scheduled Territories, certificates may be delivered outside the Scheduled Territories to or for the account of such persons without restrictions.

Under current Exchange Control practice, on conversion of the Stock by a resident of the Scheduled Territories, the Bank of England will require the convertor to acquire such amount of investment currency as is required under paragraph 5 (being foreign currency eligible for investment in Common Stock).

However, if the converting holder at the time of lodgement of the conversion request gives the Conversion Agent an irrevocable instruction (which is accepted) to sell the resulting Common Stock to a non-resident for foreign currency within 28 days of the day of receipt of such Common Stock, the sale by the Conversion Agent, on behalf of the converting holder, of such foreign currency proceeds for sale in the official foreign exchange market will replace the investment currency requirement mentioned above.

**United Kingdom capital gains tax**  
Dentistry and the Company have been advised that, on the basis of the present legislation applicable to the taxation of capital gains, the exercise of the conversion rights mentioned above will be regarded as an exchange of an original holding for a new holding within the provisions of paragraphs 4 and 6 of Schedule 7 of the Finance Act 1965. Further, any net sum provided by any Stockholder to enable conversion to be effected will be regarded as expenditure incurred in the acquisition of the original holding, and any net sum repaid to such Stockholder will be regarded as the proceeds of a disposal of an interest in the original holding.

**GENERAL INFORMATION**  
(a) Save as disclosed herein:  
(i) No share or loan capital of the Company has been issued within the last two years or is proposed to be issued partly paid or fully paid for cash or for a consideration other than cash.  
(ii) No share or loan capital of the Company is under option or is agreed to be put under option.  
(iii) Mr. R. J. de Trey has the following interests in the common stock of Dentistry, which is the Company's ultimate holding company:  
(i) He has a beneficial interest in 9,625 shares of common stock.  
(ii) He is a member of the Pension Committee of the Dentistry International Inc. Employees' Pension Plan which owns beneficially 145,438 shares of common stock.  
(iii) He is a trustee of the Dentistry International Foundation which owns beneficially 32,072 shares of common stock.  
(iv) He has been granted options to subscribe for 10,000 shares of common stock at an average option price of £12.00. The options expire on 30th May, 1978.  
(b) Save as disclosed herein, no Director of the Company has any interest, direct or indirect, in any assets which have been or are proposed to be acquired or disposed of or are to be acquired or disposed of by the Company during the last two years and no Director of the Company has a material interest in any contract or arrangement entered into by the Company which is significant in relation to the business of the Company taken as a whole.  
(c) The Articles of Association of the Company contain provisions (inter alia) to the following effect:  
(i) A Director shall be capable of contracting or participating in the profits of any contract with the Company in the same manner as if he were not a Director, provided that he shall declare the nature of his interest.  
(ii) The Borrowing powers of the Company are unrestricted. The Directors may exercise all such powers of the Company to borrow money and to offer security for such borrowings.  
(iii) There are no service contracts between the Company and any of its Directors.  
(iv) Price Waterhouse & Co., London, have given and have not withdrawn their written consent to the inclusion of their letter dated 7th September, 1976 in the form and context in which it appears under the heading "Financial Information".  
(v) Price Waterhouse & Co., Philadelphia, have given and have not withdrawn their written consent to the inclusion of their report dated 18th February, 1976 in the form and context in which it appears above.  
(vi) The following contracts, which are or may be material, have been entered into by the Company other than in the ordinary course of business within the last two years:  
(i) A Subordination Enforcement Agreement dated as of 27th April, 1976 between the Company, Dentistry, Commercial Union Assurance Company Limited, and Unum Assurance Company, by which the Company, Dentistry, and Unum have agreed to provide for the general working capital purposes of the enlarged group, and Teachers Insurance and Annuity Association of America, The Subordination Enforcement Agreement relates to the subordination of the guarantee contained in the Trust Deed constituting the Stock.  
(ii) The Trust Deed dated 7th September, 1976 referred to above.  
(iii) The Directors of the Company have entered into or will enter into in the last two years.  
(iv) The Directors of the Company have confirmed that there is no litigation of claim of material importance threatened against any member of the Company group excluding ADI and its subsidiaries or, as far as they are aware, against ADI or any of its subsidiaries.  
(v) The information contained herein in connection with ADI has been obtained from the latest accounts of ADI and other published information.

**DOCUMENTS FOR INSPECTION**  
Copies of the following documents will be available for inspection at the offices of Hill Samuel & Co. Limited, 100 Wood Street, London EC2P 2AJ, during usual business hours on any weekday (Saturdays, bank and public holidays excepted) up to and including 22nd September, 1976:  
(i) The Certificate of Incorporation and By-laws of Dentistry and the Memorandum and Articles of Association of the Company.  
(ii) The published accounts of Dentistry and of ADI for the two years ended 31st December, 1975.  
(iii) The audited accounts of the Company for the two years ended 30th November, 1975.  
(iv) The letters and consents referred to above under General Information.  
(v) The Trust Deed constituting the Stock to be issued pursuant to the Offer.  
(vi) The material contracts referred to under the heading General Information paragraph (i) (i).

Dated 6th September, 1976.

## Rothmans International Limited



In his Statement to Shareholders Sir David Nicolson Chairman of Rothmans International Limited, made the following points:-

- \* Profits in the financial year to March 31, 1976 show expected recovery at £40.41m before tax.
- \* Ordinary dividends increased to maximum permitted level of 1.6579p per share.
- \* Further satisfactory increase in profits for the first six months of this year indicated. Home sales up to expectations and exports continue to move ahead.
- \* Tobacco interests the mainstay of the business.
- \* But a new Industries Division to be formed to plan for a broadening of the product and profit base of the Company.

distribution to all holders of shares of Common Stock of evidence of indebtedness of Dentistry or of assets (excluding cash dividends) distributed in cash or property (other than cash stock of Dentistry) in each case out of Dentistry's retained earnings or assets (other than those referred to above). Except as stated in the preceding sentence, the Conversion Rate and the Conversion Price will not be adjusted in the event of an issue of shares of Common Stock at a price different from either the then current market price or the then current Conversion Price, whether on the exercise of present or future options or warrants or otherwise. No adjustment of less than 1 per cent will be made in the Conversion Rate but lesser adjustments will be carried forward.

(f) The Trust Deed contains other provisions for the protection of the conversion rights including provisions relating to any merger or consolidation of Dentistry.

**Procedure for Conversion**  
Note that on a conversion the cost of purchasing \$1,752.28 in the appropriate currency market is less or more than £1. The Stockholder will be required to pay or be obliged to make a payment equal to the difference between £1 and such cost in respect of every £1 nominal of Stock converted. Under current United Kingdom Exchange Control regulations, purchases of dollars on behalf of residents of the United Kingdom (or other residents of the Scheduled Territories as defined under "United Kingdom Exchange Control" below) must be made in the investment currency market. In the past 12 months the investment currency premium has fluctuated between 1.25 per cent and 8.75 per cent, based on an exchange rate of \$2.80 to £1. On 21st July, 1976 the rate based on an exchange rate of \$2.80 to £1 was 10.43 per cent, equivalent to an effective premium of 40.27 per cent, on the current exchange rate of \$1,752.28 to £1.

(a) The Conversion Agent is Hill Samuel & Co. Limited, c/o Hill Samuel Registrars Limited presently of 6 Grosvenor Place, London, SW1P 1PL. Conversion Notice will be made available by the Conversion Agent on and after 1st September, 1977. Save as indicated below, the Conversion Agent will act as agent for Dentistry.

(b) Conversion may be effected only by lodging (in accordance with United Kingdom Exchange Control regulations) with the Conversion Agent a duly completed Conversion Notice accompanied by the relative Stock Certificate(s). The Conversion Agent will enter also, authorise the Conversion Agent to effect, as agent and for the account of the Stockholder, the currency transactions necessary to enable conversion to take place, and the Conversion Agent will effect such transactions as soon as reasonably practicable after due lodgement of the Conversion Notice.

(c) (i) The Conversion Agent will require, for the account of the Stockholder, dollars eligible in accordance with United Kingdom Exchange Control regulations for investment in Common Stock at the rate of \$1,752.28 to £1. Nominal of Stock converted, increased by the amount of any taxes payable under (a) below but after deducting any payment in dollars to which the Stockholder may be entitled in respect of any fraction of a share of Common Stock issued on conversion (the "Requisite Amount"), and will credit or debit an account opened in the Stockholder's name with an amount equal to the difference between the Requisite Amount and the sterling cost (including reasonable banking charges) of the purchase of the Requisite Amount.  
(ii) Alternatively a Stockholder who already holds dollars eligible in accordance with United Kingdom Exchange Control regulations for investment in Common Stock may arrange for such dollars up to the Requisite Amount to be made available to the Conversion Agent together with any evidence required by the Conversion Agent that the dollars are so eligible. The Conversion Agent will then convert the dollars into the Requisite Amount of the Stock at the rate of \$1,752.28 to £1. To the extent that the dollars so made available may be less than the Requisite Amount, the Stockholder will be credited pro rata to the Requisite Amount for each £1 nominal of Stock converted and the balance will be dealt with under (i) above.

(d) If in consequence of the requisite currency transactions any sum is due to the Conversion Agent from the Stockholder, the Conversion Agent will demand payment of the sum due and, if such sum is not paid within 10 days after demand, the Conversion Agent may at its sole discretion sell all or part of the Common Stock issued under the relevant Conversion Notice, convert the net proceeds of sale into sterling and, after satisfying the sum due, pay any balance to the Stockholder or his agent (in accordance with and subject to United Kingdom Exchange Control regulations).  
(e) If in consequence of the requisite currency transactions any sum is due from the Conversion Agent to the Stockholder, the Conversion Agent will pay such sum to the Stockholder or his agent (in accordance with and subject to United Kingdom Exchange Control regulations) within 10 days after the relevant conversion date.

(f) Within 14 days after the relative Conversion date Dentistry will furnish the requisite Common Stock in consideration of the sum due to the Conversion Agent (which will be demanded through the Conversion Agent) for the delivery in London of (a) certificate(s) for the requisite Common Stock in accordance with the Stockholder's instructions but subject to United Kingdom Exchange Control regulations. The Stockholder shall be responsible for any taxes (a) payable in the United States of America if the Common Stock issued on conversion is to be issued in the name of some other person and (b) payable in any other jurisdiction, in respect of his Stock converted.

(g) The conversion date will be the date of due lodgement of the Conversion Notice with the Conversion Agent if made before 3 p.m. (London time) on a business day or otherwise the next business day in London following such lodgement.  
(h) Notwithstanding the foregoing all conversions shall in any event be made in compliance with United Kingdom Exchange Control regulations for the time being in force and lodgement of a Conversion Notice shall not be treated as having been duly made if the Stockholder has in any respect failed to comply therewith. It shall be the responsibility of the converting Stockholder to obtain any necessary Governmental approval applicable to him from any other authority, e.g. his country of residence.

**Redemption and purchase**  
(a) If at any time before 1st December, 1981 not more than 25 per cent, of the nominal amount of the Stock shall remain outstanding, the Company will, at the option of the holders of the Stock, redeem the Stock at the price of £105 per cent, together with interest accrued up to and including the date fixed for redemption.  
(b) The Company may on or at any time after 1st December, 1981, having given not less than 60 nor more than 90 days' notice in writing to all Stockholders any of whose Stock is to be redeemed, redeem on the date specified in such notice all or any part of the Stock (whether the whole or part) of the Company, pro rata to holdings of the Stock at the following prices together with interest accrued up to and including the date fixed for redemption:  
12 months beginning 1st December in:  
1981 £105.00  
1982 £104.50  
1983 £103.50  
1984 £101.50  
1985 £100.50  
(c) Dentistry or any of its subsidiaries may at any time purchase Stock on any recognized Stock Exchange at any price or by tender (including at a price not exceeding 10 per cent. above the mean of the normal quotations of the Stock, as shown by the Daily Official List of The Stock Exchange in London on the business day last preceding the date of such purchase, but not otherwise.  
(d) Stock purchased by Dentistry or any of its subsidiaries or redeemed or converted shall not be available for re-issue or sale or be not bannable on purchase shall carry no conversion rights or rights with respect to meetings of Stockholders and shall not be taken into account in calculating the amount of Stock outstanding at any time and from time to time for the purposes of the Trust Deed.  
(e) The Stock, unless previously purchased or redeemed or converted in accordance with these provisions, will be repaid at par on 30th November, 1986 together with interest accrued up to and including that date.

**Restriction on borrowings of Dentistry and its subsidiaries**  
(a) Dentistry will ensure that so long as any part of the Stock remains outstanding except with the sanction of an Extraordinary Resolution (as defined in the Trust Deed) of the Stockholders the aggregate principal amount (including any fixed or minimum premium payable on final repayment or redemption) for the time being outstanding of all monies borrowed (whether secured or not) by Dentistry and its subsidiaries (but excluding amounts owing by any of such companies to any other of them) shall not at any time exceed a sum equal to twice the adjusted stockholders' equity (as defined below).  
(b) "Adjusted stockholders' equity" means the aggregate for the time being as certified by the auditors for the time being of Dentistry ("the Auditors") of:  
(i) The amount paid up or credited as paid up on the issued capital stock of Dentistry; and  
(ii) The amounts standing to the credit of capital in excess of par value and of retained earnings (which shall exclude all amounts set aside for taxation, amounts attributable to minority interests in subsidiaries and any distributions to stockholders of Dentistry and minority stockholders in subsidiaries out of profits accrued prior to the date of the relative audited balance sheets and not provided for therein) of Dentistry and its subsidiaries as shown by a consolidation of the then latest audited balance sheets of Dentistry and its subsidiaries but:-

(i) Adjusted back the amounts, if any, already deducted for taxation equalisation reserves;  
(ii) Deducting (if not otherwise deducted) any amounts attributable to goodwill and other intangible assets other than the purchase consideration over the value of the net tangible assets acquired; and  
(iii) Taking account of any companies which will become or cease to be subsidiaries as a result of the transaction in relation to which the calculation falls to be made; and  
(iv) After making such other adjustments (if any) as the Auditors may consider proper.  
(c) "Monies borrowed" shall be deemed to include the following (together in each case with any fixed or minimum premium payable on final repayment or redemption) except in so far as otherwise taken into account:-  
(i) The nominal or principal amount of any share capital debentures or other indebtedness of any body corporate or unincorporated or individual the beneficial interest whereof is not for the time being owned by Dentistry or any subsidiary and the repayment whereof is guaranteed or secured by or is the subject of an indemnity given by Dentistry or any subsidiary;  
(ii) The principal amount for the time being owing in respect of any debenture within the meaning of Section 481 of the Companies Act 1949 (whether issued or unissued) issued by Dentistry or any subsidiary and whether issued in whole or in part for cash or otherwise;  
(iii) The nominal amounts of any issued share capital of a subsidiary (other than equity share capital which as regards capital has rights no more favourable than those attached to its ordinary share capital) not for the time being owned by Dentistry or any subsidiary;  
(iv) The principal amount raised by Dentistry or a subsidiary by acceptance or under any acceptance credit issued on or after the date of the balance sheet on which the Common Stock is for the time being listed by Dentistry or any of its subsidiaries of less than 180 days' duration relating to the purchase of goods in the ordinary course of trading.  
(d) "Monies borrowed" shall not include:-  
(i) Amounts borrowed by Dentistry or any subsidiary for the purpose of repaying within six months the whole or part of other monies borrowed by Dentistry or any subsidiary and for the time being outstanding (including any fixed or minimum premium payable on final repayment) (other than monies borrowed by one such company from any other such company) pending such application for such purpose within such period;  
(ii) A proportion of the borrowings of any partly owned subsidiary of Dentistry (but only to the extent that an amount equivalent to such proportion exceeds sums borrowed (if any) from such partly owned subsidiary by Dentistry or another subsidiary) such proportion being that which the issued ordinary share capital which is not for the time being owned by Dentistry or any subsidiary bears to the whole of the issued ordinary share capital of such partly owned subsidiary;  
(iii) Borrowings from bankers and others for the purpose of financing any contract in respect of which any part of the price receivable is guaranteed or insured by the Export Credits Guarantee Department of the Department of Trade of the United Kingdom or any institution approved by the Treasury carrying on similar business to an amount not exceeding that part of the price receivable thereunder which is so guaranteed or insured.  
(e) Monies borrowed and outstanding in a currency other than United States dollars shall be translated into United States dollars at the rate of exchange (as defined in the Trust Deed) for such currency ruling from time to time provided that if there shall be any change (as also so defined) in such rate of exchange then for the purpose of calculating the U.S. dollar equivalent of such monies borrowed such change shall not be taken into account until the expiry of six months from the date of such change.

**2. Covenants by Dentistry**  
The Trust Deed contains certain covenants by Dentistry including the following:-  
(a) So long as the Company is obligated in respect of any part of the Stock, Dentistry will procure that the Company will remain under the control (as defined in the Trust Deed) of Dentistry.  
(b) If it shall be proposed to place the Company into liquidation before 1st December, 1981 for whatever cause or reason Dentistry shall prior to the date of commencement of the liquidation procure that the provisions of paragraph 5 below shall have been put into effect.  
(c) In the event of the Company being placed into liquidation on or after 1st December, 1981 then, unless such provisions shall have been put into effect, the Stock shall be deemed to have been called for redemption under the terms of paragraph 6(b) above at the commencement of the liquidation (and the Company shall forthwith give notice accordingly) and as the expiry of the period of six months from such date the Stock shall be redeemed at whichever of the prices are set out in paragraph 6(b) above is appropriate to the date of commencement of the liquidation together with interest accrued up to and including the date of redemption.  
(d) Dentistry will use its best endeavours to effect any necessary registration under United States laws of the Common Stock deliverable on conversion of the Stock and to procure that such Common Stock be listed on the New York Stock Exchange as soon as possible after the Common Stock is for the time being listed.  
(e) Dentistry will keep available for issue sufficient authorized but unissued shares of Common Stock to satisfy in full the conversion rights attached to the Stock for the time being outstanding.

**3. Substitution rights**  
The Company and Dentistry may at any time, on giving not less than 3 nor more than 6 months' notice in writing to the Stockholders in a form to be approved by the Trustee, make arrangements for Dentistry or another wholly owned subsidiary of Dentistry to be substituted as principal debtor for and to assume all the obligations and rights of the Company with respect to the Stock provided that:-  
(i) The Trustee shall have been satisfied that such arrangements are not unduly prejudicial to the interests of the Stockholders, who are not to be treated as bona fide purchasers, and that the Company or the subsidiary is not subject to tax in any other jurisdiction in respect of its holdings of the Stock;  
(ii) In the case of any substitution of another subsidiary of Dentistry the Trustee shall have been satisfied that the guarantee of Dentistry is maintained in full force and effect in respect of the Stock to the same extent as under the Trust Deed; and  
(iii) The prior written consent (which shall not be unreasonably withheld) shall have been obtained from Holders of not less than 85 per cent. of Senior Indebtedness for principal under each Loan Agreement (as defined in the Trust Deed).

**4. Modification of rights**  
The Trust Deed provides that the Clause therein setting out the subordination provisions referred to under paragraph 2 above may in no circumstances be modified without the prior written approval of each of the Holders for the time being: subject thereto the provisions of the Trust Deed and the rights of the Stockholders will be subject to modification, abrogation or compromise by an Extraordinary Resolution of the Stockholders as provided in the Trust Deed. In addition (subject as aforesaid) the Trustee may, without the consent or sanction of the Stockholders, concur with the Company and Dentistry in making any modification to the Trust Deed provided that the Trustee is satisfied that the interests of the Stockholders will not be unduly prejudiced thereby.

**5. Transfers**  
The Stock shall be registered and transferable in amounts and integral multiples of £1.

**6. Indemnification and covenants**  
The Trust Deed contains provisions for the indemnification of the Trustee and its relief from responsibility to the extent therein provided. Any consent given by the Trustee may be given on such terms and subject to such conditions, if any, as the Trustee thinks fit.

**7. Governing law**  
Save as hereinafter referred to the Trust Deed is governed by and will be construed in accordance with the laws of England and Dentistry has agreed to submit to the jurisdiction of the English courts. The Clause of the Trust Deed setting out the subordination provisions referred to under paragraph 2 above is governed by and will be construed in accordance with the laws of the State of New York, United States of America.  
The Trust Deed does not contain any provisions in respect of the disposal or charging of assets by Dentistry or its subsidiaries (including the Company and its subsidiaries).  
The Loan Agreement contains certain provisions and restrictions which would prohibit Dentistry and the Company from exercising certain of their rights or options under the Trust Deed without the prior approval of Holders.



## + FOREIGN EXCH.

### Pound nervous

NEW YORK, Sept. 8

ay New York, widened to 2.52 per	cent from 2.50 per cent.	105.830	101.57
out Gold gained \$1 to close at	\$111.112 in fairly active trading.	105.801	101.56
6:			

5.	<b>YEN</b>	Old Singapore 121-21; 33; 337-29	336; 337
4.	<p>Bank-accepted remittance drawn on YEN Bank against Hong Kong remittance</p> <p>Source: Market Company</p>	<p>Good Cotton (Indochina) 121-22</p>	336; 337
		<p>Kruggerand 111-14; 116-3; 118-3</p>	336; 337
		<p>New Singapore 121-21; 33; 337-29</p>	336; 337

Foreign Money Index 1977=100

Year	Index
1977	100
1978	22
1979	18
1980	28

10% increase in the index from 1977 to 1980

0	APR	MAY	JUN	JUL	AUG	SEP
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**SPECIAL DRAWING RIGHTS RATES**

	Sept. 1	Sept. 6
New York	1.7885-1.7725	1.7775-1.7775
Amsterdam	1.7775-1.7775	1.7775-1.7775
Bremen	4.55-4.75	4.55-4.75
Copenhagen	52.50-52.50	52.50-52.50
Frankfurt	12.50-12.50	12.50-12.50
London	4.55-4.75	4.55-4.75
Madrid	120.00-120.00	120.00-120.00
Paris	120.00-120.00	120.00-120.00

Spain	1,351,688	1,150,996
U.S.S.R.	1,315,141	1,100,000
Belgian franc	44,585,822	44,707,798
West German mark	2,802,000	2,800,000
French franc	3,566,670	3,578,000
Italian lire	969,199	968,956
Japanese yen	33,667,711	33,671,711
U.S. dollar	5,050,085	5,032,210
Swedish krona	5,000,048	5,062,210
Swiss franc	2,854,467	2,854,467

Values are for currencies against the SDR as calculated by the International Monetary Fund in Washington.

Percentages are for currencies against the U.S. dollar.

**OTHER MARKETS:**

Argentina	1,008,249,222	Notes issue
Argentina	1,008,249,222	Argentinian peso
Chile	1,000,000,000	Chilean peso
Colombia	1,000,000,000	Colombian peso
Costa Rica	1,000,000,000	Costa Rican colón
Cuba	1,000,000,000	Cuban peso
Dominican Republic	1,000,000,000	Dominican peso
Ecuador	1,000,000,000	Ecuadorian sucre
El Salvador	1,000,000,000	Salvadoran colón
Guatemala	1,000,000,000	Guatemalan quetzal
Honduras	1,000,000,000	Honduran lempira
Indonesia	1,000,000,000	Indonesian rupiah
Japan	1,000,000,000	Japanese yen
Malaysia	1,000,000,000	Malaysian ringgit
Mexico	1,000,000,000	Mexican peso
Nicaragua	1,000,000,000	Nicaraguan córdoba
Panama	1,000,000,000	Panamanian balboa
Paraguay	1,000,000,000	Paraguayan guaraní
Peru	1,000,000,000	Peruvian sol
Puerto Rico	1,000,000,000	Puerto Rican peso
Romania	1,000,000,000	Romanian leu
Saudi Arabia	1,000,000,000	Saudi riyal
South Africa	1,000,000,000	South African rand
South Korea	1,000,000,000	South Korean won
Taiwan	1,000,000,000	Taiwanese dollar
Tanzania	1,000,000,000	Tanzanian shilling
Thailand	1,000,000,000	Thai baht
Turkey	1,000,000,000	Turkish lira
Uganda	1,000,000,000	Ugandan shilling
United Kingdom	1,000,000,000	British pound sterling
United States	1,000,000,000	U.S. dollar
Uruguay	1,000,000,000	Uruguayan peso
Venezuela	1,000,000,000	Venezuelan bolívar
Zambia	1,000,000,000	Zambian kwacha

	Brussels	London	Amsterdam	Zurich	
1-10	4,897-613	4,882-449	5,171-716	101,88-76	Belgium.....
1-17	12,897-613	1,770-118	5,347-583	40,30-32	France.....
1-20	12,897-717	1,725-749	5,474-476	105,65-706	Germany.....
1-27			14,15-78	105-87	Italy.....
					Spain.....
					Switzerland.....
					United Kingdom.....
					United States.....
					Canada.....
					Japan.....
					China.....
					India.....
					Australia.....
					New Zealand.....
					South Africa.....
					Argentina.....
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					Czechoslovakia.....
					Denmark.....
					Egypt.....
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					Greece.....
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					India.....
					Indonesia.....
					Iran.....
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					Italy.....
					Japan.....
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					Mexico.....
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					Portugal.....
					Romania.....
					Saudi Arabia.....
					Sweden.....
					Switzerland.....
					Taiwan.....
					Thailand.....
					Turkey.....
					U.S.S.R.....
					Uganda.....
					Ukraine.....
					U.S.A.....
					Yugoslavia.....

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AUSTRALIA		JOHANNESBURG	
Seid. R	Aug. 8	Seid. R	Aug. 8
		Apple American Express	1.00

[illegible]

Arcis. Cas. Indus. Insur.	+1.65	-0.87	Sontavall	1.00
Audi. Foundatn. Invest.	+0.81		Gold Fields SA	14.30
A.S.I.	+1.15		Union Corporation	2.30
Audi. Oil & Gas	+0.15		De Beers Deferred	3.70
Blue Metal Ind.	+0.88		Silvercorp Ltd	3.00
Burgundy Copper	+1.30	-0.92	Royal Rand Pty.	+0.34
Broken Hill Proprietary	+6.78	-0.18	Free State Gold	16.00
BK. South	14.10		President Brand	22.30

Carterian United Brewery	1.98		President Stern	7.96
U. S. Col.	1.51	+0.1	Rosenstein	2.27
US&S (S)	18.04	-8.98	Wehm	3.58
Cos. Unifed Indus Aust	12.80	-4.06	New Orleans Corp	2.26
Compaq (S)	1.40		Western Stores	13.59
Conning Biosci	12.98		Western Deep	10.55
Costco Australia (Gly)	1.93			
Dunlop Rubber (S)	1.14	+0.1		
			<b>INDUSTRIALS</b>	
			Anglo-Amv. Industrial	1.70

NSCML	10.75	+0.02	Barlow Rand	11.50
Bluer Smith (\$)	12.06		CA Investments	11.90
S.S. Industries	15.88	-1.02	Currie Finance	6.94
Gen. Property Trust	11.26	-0.08	De Beers Industrial	7.50
Hamberly	28.45	-0.81	Edgars Commoditized Inv.	12.10
Brooks	11.05	+0.02	Edgars Stores	23.00
I.C.I. Australia	11.76		EverReady SA	18.00
A.C. Holdings	10.61	+0.01	Federal Volksbanking	1.00

Later Copper	10.50		Glaxo And Development	7.50
Jenning's Industries	11.00	0.00	Greatmans Stores	7.00
Jones (David)	11.15	0.00	Guardian Assurance (SA)	1.10
Monie Exploration	10.85	0.00	Holena	2.97
NIL Holdings	12.47	0.00	LTA	7.00
Myer Emporium	2.50	-0.03	McCarthy Roadway	7.00
Nova	12.50	0.00	Nedcor	1.75
Nichols International	11.65	0.00	OK Building	1.00
			Orion	1.50

North Broken Hill	12.16	12.22	Proctora Centre	1.50
Unbridgeable	1.08	1.08	Protes Holdings	0.87
U1 Search	10.16	10.16	Rand Mines Properties	1.80
Pioneer Concrete	11.83	11.83	Rambrandt Group	2.61
Resolute & Coimann	15.78	15.78	Recco	18.35
H. C. Steiner	10.80	10.80	Sage Holdings	1.13
southland Mining	10.45	10.45	SAPP	1.79
Stocks & Holdings	24.0	24.0	C. G. Smith Sugar	6.89

Waco Tex.	\$1.77		Soree	10.85
Waco Tex.	1.06	-0.02	SA Breweries	9.50
Waco Tex. (incl. 100 cases)	1.85	-0.05	Tiger Cats and Natl. Mfg.	7.40
Waco Tex.	1.50		Unice	8.90

AT CANTONMENT AND MARKET

### tokyo

Sept. 8	Price	+ or -	Dlv. Yld.
Ina			

### Spain

Sept. 8	per cent.
Ash	78

Amulhi Glass	385	-1	14	2.1	Banco Lora Quereada	580
Amor	450	-	15	1.8	Banco Búho	580
Amor y Amor	450	-8	16	1.8	Banco Atlántico (1,000)	574
Papa Photo Print	375	-	15	1.3	Banco Central	712
Elmelo	205	-	10	1.2	Banesto (250)	699
Honda Motors	863	+3	18	1.4	Banco Exterior	696
I. Trop.	295	+4	12	2.0	Banco General	548
U-Yokado	1,850	+20	60	0.8	Banco Granada (1,000)	358

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Aluminum	488	14	7	Banco Vizcaya	488	
Ammonia	476	-2	80	Barco Zaragozan	817	
Asano Brown	478	+8	16	14	Bankunion	326
Pioneer Nitrochem	520	-80	50	0.5	Barones Andulucia	267
Sanyo Electric	213	1	12	2.5	Barones	113
Shimoda	1,120				Salerno Wilcox	288
Sony	3,680	-80	50	0.6	CIC	788
Tejano Marine	285		11	1.9	Dragados	627.5
Tekeda Chemical	247	+2	16	3.0	Imhoffhoff	136

Tejano	145	1	12	4.5	E. I. Aranzano	104.5
Edo Martins	140	1	4	1.8	Espanola Zinc	170
Okoro Sicut, Per.	129	1	10	7.4	Excl. Rio Tinto	240
Combin.	873	3	10	4.0	Festa (1,000)	182.5
Alloy	144	1	12	4.2	Fonoma (1,000)	156
Polyst. Mohr	563	3	16	0.9	Financuano SA	310
Source Nikko Securities, Tokyo					Financuano Services	326
					Gal. Preciados	300
					Grupa Velazquez	255

	Sep. 8	Friest Kronen	+ or - Kr.	Div. Yd. %		
AGA AB (Kr. 60)	170	-1	5.5	4.2	Ildros	125
AJA Laval (Kr. 60)	135	+4	2.5	3.7	Iberduero	124.5
Aves (Kr. 60)	191	-1	6.4	3.5	Motor Iberica	211
Ataca Coposol (Kr. 20)	145	+1	8	3.7	Olarra	363
					Papeleros Reunidos	200
					Petrolifer	236
					Petroles	442
					Sorrio Panamera	289

Winters	201	-2	8	4.2	Solair	230
Winters	265	9	5	3.3	Sogefia	230
Camé	240		9.5	2.7	Telefonica	150
Cellulos	296	+4	9.5	3.3	Torrus Hestrich	321
Electrolux	138	+3	6	3.5	Tubacex	319
Kronos B (E)	117	-1	6	3.3	Union Elect.	185
Logistica	198		8	4.4	Urban y Pexis	494
Orange free	117	-1	11	9.4	Urban	182

Hamdenbanken	215	+5	18	6.5	
Hambro	110		10	7.1	
Mo Och Domsjö	175	+5	10	5.7	
Swedish A.B.	530		3	7.4	
S.K.T. "B" 100	110	-2	4.5	5.1	
Swedish Enkelt	195		1	14.5	
Swedish "B" 100	135	+0.5	6	6.2	
Uddeholm	81	+3	9	6.6	

NOTES: Overcast prices compared with previous day's closing prices.  
 premium. Belgian dividends are payable after withholding tax.  
 \* K1500 denoms. unless otherwise noted.  
 \* K1500 denoms. unless otherwise noted.  
 \* K1500 denoms. unless otherwise noted.  
 \* K1500 denoms. unless otherwise noted.

	Price Kroner	+ or -	Div. %	Yld. %
Sept. 2	109.5		8	8.5
Sept. 3	118	+0.5	8	8.5

Creditbank	122.5	10	8.8
Komm. Bank	580	24.5	30
Handelsbank	140	0.5	10
Norsk Hydro K&O	262.5	2.5	13
Urkis Ltd.	96.5	-1	-
Storebrand	140	-	5.7

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## MINING AND RAW MATERIALS

auxite ore  
ice talks  
continue

KINGSTON, Sept. 8. INTERNATIONAL Bauxite Association has resumed its efforts for a formula for pricing bauxite ore produced by its 11 member countries.

Association's executive committee is meeting this week at the headquarters here and is expected to be finalising a revised pricing and taxation of bauxite to be presented to the Ministerial Council meeting in Geneva, Sierra Leone, later this year.

Search for minimum prices for bauxite for 18 months, following the failure of the 11 to agree on the recommendations put to it at the last meeting here in August, the IBA had asked member countries to impose a minimum price on all bauxite exports this year.

One of the major problems in this week's talks will be to solve a set of findings from a series of studies such as the grade of different countries, the distance from markets, the cost of extraction and levels of national development.

tea promotion  
d upset  
Kenya

GENEVA, Sept. 8. An attempt to set up a national Tea Promotion Board, the object of which is to coordinate tea export promotion here between tea exporting countries' representatives, may be jeopardised by the participation of Kenya, the East African producer, which has not officially indicated why it has chosen not to do so.

The meeting, convened by the GATT-UNCTAD International Trade Centre, is only a few days from its conclusion. It is the first time since the bulk of its production almost exclusively for the tea market elsewhere.

Kenya's participation is being given a lukewarm reception by the headquarters of the tea industry in London, which apparently has no objection to its participation, but it is felt that consumption in Britain can only be promoted beyond the current high level.

U.S. stockpile denial  
halts copper rise

BY JOHN EDWARDS, COMMODITIES EDITOR

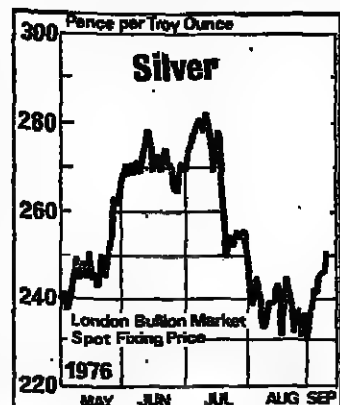
A STRONG advance in copper prices on the London Metal Exchange yesterday was reversed by a report that the U.S. stockpile of copper is unlikely to be any immediate purchase of copper to replenish the U.S. stockpile if it is decided to rebuild the stockpile as expected.

Copper cash wirebars ended the day only \$1.25 up at \$886.75 a tonne, losing virtually all gains in early trading when the three-month quotation rose to \$910 at one stage.

Rumours of imminent stockpile buying had been the main motive behind the price rise.

But a Reuters report from Washington made it plain that the General Services Administration, responsible for the stockpile, was not authorised to buy copper at present, and there was no prospect of releasing necessary budget appropriation to do so in the short term.

The authorities are known to be working on a new stockpile objective for various raw materials, including copper, following the change in policy of the present U.S. Administration in favour of holding three-year requirements from President



stockpile would be spread over a number of years to avoid market disruption.

Even then, it was pointed out, obtaining the funds for the proposed purchases would involve a long drawn out battle in Congress, and any new Administration would be spread over a number of years to avoid market disruption.

## Tight cotton supply forecast

A continuing tight supply-demand situation and reduced stocks are predicted for the 1976-77 cotton season, which began August 1.

The U.S. Agriculture Department, in a summary of the cotton situation to be released on September 15, said although supplies will be slightly greater because of a bigger 1976 cotton crop, combined mill use and exports will be up.

It said disappearance may total 11.0m. to 11.5m. bales compared with 10.6m. in 1975-76. By next August, stocks may be reduced to 3 to 3.5m. bales, against the relatively small 3.7m. in August 1.

The Department noted the 1976 crop is estimated at 10.7m. bales as of August 1, up nearly 3.5m. from a year earlier, but almost 1m. below the 1971-72 average.

The USDA noted while the national average yield is estimated at 485 lb per acre, against 483 lb per acre in 1975, the New York overwintered crop went further ahead on speculative short buying, encouraged by the reluctance of producers to sell and a general shortage of available supplies.

## EEC move hits sugar

NEWS THAT the EEC Commission had authorised export subsidies for 12,500 tonnes of white sugar larger than expected quantity brought sharp falls in the London sugar futures market yesterday.

December position closed \$10.78 lower at \$131.25 a tonne after having traded at \$142 earlier in the day.

The London daily price for raw sugar was unchanged at \$118 a tonne, but the white sugar daily price was cut by \$2 to \$104.

Meanwhile Reuters reported from Mexico City, that Western Hemisphere nations, which control more than 80 per cent of the world sugar exports are considering setting recommended minimum prices.

The proposal was under discussion on the second and final day of a meeting here of the Mexico-based Latin American and Caribbean Sugar Exporting Countries Group (Geplaca), called to analyse market trends and price defence mechanisms.

Demand for cotton by U.S. mills continues relatively strong, but the department noted tight supplies and current high prices are expected to result in increased substitution of man-made fibres for cotton later in the season.

U.S. mill use may total 6.5m. to 7m. bales during 1976-77, compared with last season's 7.2m.

Increasing prices for cotton has renewed interest in forward contracting, the USDA said. As of September 1, growers had contracted about half the total crop, up from 10 per cent last year, Reuters.

Britain wins  
fight against  
pig disease

By Peter Bullen

SWINE VESICULAR disease (SVD) has been successfully eradicated from Great Britain. The country is now free of the disease the Ministry of Agriculture said yesterday.

From the time of the first case being confirmed on December 11, 1972, there were 383 outbreaks of SVD which led to the slaughter of 204,000 pigs at a cost to the Exchequer of almost \$3m.

The last outbreak was in Stockport, Lancashire, in September, 1975. When the virus was rechecked in March 1976, the disease appeared again due to a carry-over of the virus from the previous outbreak. Otherwise there have been no outbreaks of SVD for more than a year.

The ministry adopted its rigorous stamping-out policy to eradicate the disease, which involved the compulsory slaughter of infected herds because SVD symptoms are almost identical to foot and mouth disease.

Cocoa soars  
to new highs

By Our Commodities Editor

COCOA PRICES soared again on the London futures market yesterday to reach further all-time highs. The December position closed \$45 up at \$1,388.5 a tonne.

The market quickly advanced the permissible limit up in the afternoon following the rise in New York overwintered prices.

Prices went further ahead on speculative short buying, encouraged by the reluctance of producers to sell and a general shortage of available supplies.

BIG RISE IN THAI  
RICE EXPORTS

BANGKOK, Sept. 8. THAILAND EXPORTED 147,173 tonnes of rice in August, against 78,501 tonnes in August last year, Commerce Ministry sources said.

Total rice exports during the first eight months of the current year rose to 1.1m. tonnes from 676,710 tonnes during the corresponding period last year.

Trade sources said at the present rate of export, Thailand will ship 1.7m. tonnes by the end of the year, against the target figure of 1.5m.

## EEC DROUGHT

Farm ministers hold  
emergency meeting

BY ROBIN REEVES

BRUSSELS, Sept. 8.

THE IMPACT of this summer's drought on European agriculture and the possible introduction of further measures to alleviate the situation will be the subject of a special one-day meeting of EEC Agriculture Ministers here tomorrow.

Mr. Pierre Lardinois, the Brussels Commissioner for Agriculture, will present ministers with a comprehensive assessment of the drought damage to EEC farm production.

According to informed sources this will show that while some regions of the Community have been hit seriously, the impact on production overall is not as bad as was at first feared.

The effect on cereal crops for example will mean higher imports of maize over the coming season. The overall EEC harvest is now thought to be about 10 per cent less than last year's poor crop. But part of the increased imports will be to enable the EEC to maintain its traditional exports of wheat and barley.

Again, although this year's EEC sugar beet crop will not be as large as was at one stage expected, the Commission's figures are expected to show that the Community is still likely to have up to 1m. tonnes of surplus beet for export over the coming season.

Fears of a collapse of the EEC beef market caused by premature slaughtering have now largely abated.

On milk, the assessment is expected to forecast a drop in

production of between 1 and 2 per cent in the year ending next March compared with the previous 12 months.

But a measure of the structural overproduction of milk in the EEC is the fact that the comparison on a calendar year basis, is still expected to show output of milk, butter and skim powder in 1976 above the level in 1975.

Surplus stocks of butter and skim powder in intervention stores continued to mount during August, totalling at the last count 425,000 tonnes of butter and 1,365m. tonnes of skim powder.

Even so, the drought may have dealt a lethal blow to the Commission's plans for adopting

measures for curbing excess EEC dairy production—notably by taxing dairy producers—this autumn.

With most EEC governments either granting special national aids to drought-hit farmers or thinking of doing so, the time is hardly right for the introduction of measures to cut dairy farmers' incomes.

Further Brussels help to offset the effect of the drought seems likely to be limited to an extension of the EEC tariff suspension on selected fresh and chilled vegetables including potatoes, introduced at the end of last month, to December 31.

The Italians will be pressed to lift their objection to the inclusion of onions and beans in the list.

THE DROUGHT effect on the U.K. grain harvest may not be as severe as many observers have forecast if the latest Ministry of Agriculture yield estimates are accurate, writes Peter Bullen in London.

The ministry assessment was made at the end of August with the grain harvest virtually completed after the earliest and easiest harvest in most farmers' memories.

It put wheat yields at 4.07 tonnes per hectare compared with the final estimate of 4.2 tonnes last year and the three-year average of 4.35, barley yields at 3.51 (compared with 3.4 and 3.75 tonnes) and oat yields 3.55 (3.45 and 3.77 tonnes).

With a 20 per cent rise in the area of wheat sown this year, the 1976 harvest in barley sowings, these yields would produce 11.65m. tonnes of grain or 200,000 tonnes more than last year's admittedly poor harvest in England and Wales.

The big question is how much Scotland will contribute. Last year it produced 2.1m. tonnes, its second highest harvest on record.

The Ministry's potato yield estimate makes gloomy reading, however. Maincrop potatoes should yield 19.1 tonnes a hectare, 10 tonnes below the three-year average and even lower than last year's yield of 22.1 tonnes.

## 'Disaster' threat to Danish farms

BY HILARY BARNES

COPENHAGEN, Sept. 8.

Jutland, where half the country's dairy herd is kept. Scattered pastures are forcing farmers to use their winter hay and silage stocks. Root crops are expected to give only half the normal yield.

The Dairy Association said that dairy farmers would have to spend an average Kr.50,000 (\$4,700) extra on fodder this winter.

Milk output is already down 8 per cent and supplies of butter to the U.K. market have fallen in the past few weeks.

The drought will cost the dairy sector about Kr.600m. in lost

export revenue. Mr. Kjeldsen said the drought would have a serious effect on the country's balance of payments.

The extra costs burden would force many young farmers with heavy mortgage debts to sell up. This would not only ruin their future, but also upset the general production of animal products, Mr. Kjeldsen said.

In most other EEC countries substantial aid is being provided to drought-hit farmers. The Danish Government is still considering what to do, but hoping for assistance from the EEC.

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## COMMODITY MARKET REPORTS AND PRICES

## BASE METALS

LEAD—Futures unchanged on the London Exchange, with prices unable to find a firm base. Forward quoted at 190 and 191, and 192 and 193, and 194 and 195, and 196 and 197, and 198 and 199, and 200 and 201, and 202 and 203, and 204 and 205, and 206 and 207, and 208 and 209, and 210 and 211, and 212 and 213, and 214 and 215, and 216 and 217, and 218 and 219, and 220 and 221, and 222 and 223, and 224 and 225, and 226 and 227, and 228 and 229, and 230 and 231, and 232 and 233, and 234 and 235, and 236 and 237, and 238 and 239, and 240 and 241, and 242 and 243, and 244 and 245, and 246 and 247, and 248 and 249, and 250 and 251, and 252 and 253, and 254 and 255, and 256 and 257, and 258 and 259, and 260 and 261, and 262 and 263, and 264 and 265, and 266 and 267, and 268 and 269, and 270 and 271, and 272 and 273, and 274 and 275, and 276 and 277, and 278 and 279, and 280 and 281, and 282 and 283, and 284 and 285, and 286 and 287, and 288 and 289, and 290 and 291, and 292 and 293, and 294 and 295, and 296 and 297, and 298 and 299, and 300 and 301, and 302 and 303, and 304 and 305, 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## STOCK EXCHANGE REPORT

# Marked setback on news of total seamen's strike

## Index 7.2 off at low for year of 350.4—Gilts fall

Account Dealing Dates  
 \*First Declared Last Account  
 Dealings Date Dealings Day  
 Aug. 23 Sep. 2 Sep. 14  
 Sep. 6 Sep. 16 Sep. 28  
 Sep. 20 Sep. 30 Oct. 1 Oct. 12

New news of a seamen's strike on Saturday came from a market already unsettled by persistent selling of sterling and caused a sharp setback in stock markets yesterday. Losses in the British Funds ranged to 1 and the Government Securities Index, at 61.38, fell 0.4, its biggest one-day loss for just over six weeks.

A modest initial improvement in leading industrial shares on hopes of an early return to work at British Leyland's Longbridge plant, soon gave way to marked dullness following the seamen's strike decision. Final quotations were down the worst, but still ranged to 10p. Down 5 1/2 at its low of the day at 3 p.m., the FT 30-share index closed 7.2 down on balance at a new low for the year of 350.4. Selling was particularly heavy, but some reasonable-sized lines of stock came on offer in places.

Shippings, one of the hardest hit sectors had a fall of 3.9 per cent. to 363.79 in the FT-Actuaries Shipping Index as compared with a loss of 1.5 per cent. in the FT-All-Share index to 14.68. Falls led rises by nearly 3.3 in FT-quoted Industrials. There was a further modest increase in activity as measured by official marketings of 4.177 compared with 3,655 on Tuesday.

### Falls to 1 in Gilts

Initial dullness in sterling on foreign exchange markets followed later in the day by the unexpected announcement of an all-out strike by the National Union of Seamen, set the seal for a poor day in gilt-edged. Short-

dated issues fell quite sharply, particularly after the strike announcement, and despite a few buyers showing interest on the way down, prices closed only 3/8 off the worst final losses extended to 7/8 and sometimes more. It was much the same story in the medium and long, but falls which ranged to a point at one stage were pared to 1 by the close. Although business was still relatively small, there was a noticeable increase in volume after the recent protracted quiet spell.

Helped by some arbitrage business and fresh institutional support for investment currency, the premium moved ahead 3 1/2 points more to close at day's end of 113 per cent. Yesterday's 5% conversion factor was 0.6896 (0.6881).

Although encountering only a small business, Tulse SA stood out in Recent Equities with an advance of 15 at 130p, helped by the fresh rise in the investment premium.

### G.R.E. disappoint

Interest in Insurance yesterday centred around the three major Composites reporting interim statements. Guardian Royal Exchange disappointed with shares down 3 to 37p, while Phoenix declined 2 to 18p, while Phoenix declined 2 to 18p, while Phoenix declined 2 to 18p.

The big four banks succumbed to the dull trend. Lloyds lost 7 to 20p, NatWestmaster 5 to 21p, after 21p. Bank of Scotland, at 240p, lost 8 of the previous day's gain of 9. Benefiting from higher advice from the

Far East, Hongkong and Shanghai edged forward 5 to 32p. Breweries closed at the day's lowest. Allied shed 1 1/2 to 5p, while Messingtons receded 3 to 92p. Elsewhere, Distillers cheapened 2 to 121p.

Among quiet buildings, G. W. Sparrow, 130p, and JCEC, 35p, put on 3 apiece, while Brown Jackson edged up 3 to 41p. Timbers were noteworthy for a decline of 2 to 81p in International and a reaction of 4 to 126p in Magnet and Southern.

ICI slipped to a year's "low" of 318p before closing 5 easier on balance at 319p. Elsewhere in

results, while James Beattie "A" at 91p, recouped a penny of the previous day's loss of 3 which followed the revised first-half profits. In Shoes, Newbould and Burton responded to the interim figures with a rise of 2 to 28p. Booth International moved up 3 to 35p, but Pittard retreated 1 to 40p.

Firmer at first, Electrical leaders subsequently reacted although final net losses were usually limited to 3. Thoma Chemicals, however, lost over 7 for the Ordinary, 206p, and the "A" 205p. BICC were finally 3 down at 204p, after 107p. 25 were EMI at 204p, after 209p.

Reynolds, Parsons, with interim figures due next Tuesday, closed unaltered at 104p, after 107p. Elsewhere, the half-year profits upsurge lifted BSR initially to 96p before a close of 83p, a loss of a penny on the day.

Some reasonable-sized selling orders of the Engineering majors followed the seamen's strike call. GKN closed 8 lower at 256p and Hawker lost a similar amount at 286p, after 34p. Tubes shed 4 to 316p at 314p. John Brown to 30p, while Vickers were 2 cheaper at 153p. Elsewhere, a mixed trend was evident among second-liners. Ductile Steels, 97p, and WGL, 97p, both gave up 3, while despite bullish Press comment on the higher first-half profits, the interim performance Blackwood House eased a similar amount to 106p. Rotek, on the other hand, rose 3 to 150p, after 154p, on the higher first-half profits. A small demand left Rafite 4 up at 82p. Fresh speculative support on persisting bid hopes helped Heyburn touch 324p before closing only 2 harder on balance at 316p.

Foods closed with modest losses following an increased business. The high street fell to a 1976 low of 95p before closing at 95p. 50p, and UBS, 50p, finished 3 easier. L. Lyons shed 2 to 60p and Associated Dairies declined 4 to 122p. Fox's Biscuits,

a firm market of late on the substantially increased earnings and scrip issue proposal, reacted 5 to 255p on light profit-taking. Danish Bacon "A" receded 2 to 121p on the first-half profits setback, while Fitch Levee finished a penny off at 45p following the chairman's statement with the full report. Supermarkets were notably firm for a reaction of 1 1/2 to 384p in Tesco.

Apart from Trust Houses Forte, up 3 at 60p, Hotels and Caterers drifted lower. Brent Walker, at 40p, gave up 3 of the previous day's rise of 4, while Grand Metropolitan, 40p, and English Property, 40p, both closed 3 cheaper. Among smaller-priced issues, Stanleys gave up a penny at 14p and Rio Stables shed 1 1/2 to a 1976 "low" of 151p.

**Beecham weakens**  
 Miscellaneous Industrial leaders closed near the day's worst. Beecham, after touching 343p, led the way with a reaction to 330p after a fall of 10. Glaxo were finally 7 lower at 329p, after 336p, and Unilever 6 down at 406p.

Reckitt, 245p, showed losses of 5 apiece. Press comment on the results helped Taurus and Newall to rise further to 145p at the outset, before reacting to 138p and ending a net 2 easier. Navis results helped Taurus and Newall to rise further to 145p at the outset, before reacting to 138p and ending a net 2 easier.

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## FINANCIAL TIMES STOCK INDICES

	Sept. 8	Sept. 7	Sept. 6	Sept. 5	Sept. 4	Sept. 3
Government Secs.	61.38	61.82	61.82	61.83	61.84	61.86
Fixed Interest	61.07	61.16	61.16	61.14	61.23	61.23
Industrial Ordinary	350.4	357.6	359.0	359.5	355.8	351.1
Gold Mines	104.9	102.7	106.3	107.6	102.8	95.7
Ord. Div. Yield	5.36	6.84	6.32	6.28	6.30	6.32
Share Rep. Yield	18.81	18.46	18.71	18.31	18.50	18.43
FT 30-Share Index	7.26	7.99	7.99	8.09	8.15	8.02
FT 100-Share Index	4,117	3,995	3,760	3,864	4,193	3,972
Equity Turnover 2m.	—	33.17	28.80	29.19	37.66	29.90
Equity Turnover 1m.	—	84.98	84.35	9,468	9,440	8,001











### "Recent Issues" and - Rights



